

Chase Web Offset
MAGAZINE PRINTERS
01-242 4243

FINANCIAL TIMES

Britannia Jersey Gift Fund Limited
P.O. Box 271, St. Helier, Jersey, C.I.
Telephone: 0594 73114

Saturday February 15 1986
No. 29,856

WORLD NEWS

Solicitors to act over legal aid fees

Solicitors are to follow barristers in taking legal action against the Lord Chancellor over the increase to government fees for criminal legal aid work. A majority of the Law Society Council decided in favour of the move, and a High Court application is likely next week. The Bar's application is also expected next week. The Law Society predicts that more and more solicitors will stop handling the legal aid work unless the pay is better. **Back Page**

Delhi imposes curfew

The old walled quarter of Delhi was put under indefinite curfew and public meetings were banned after one person died and 50 were hurt in Hindu-Muslim clashes. **Page 2**

Ghad's plea to France

Chad asked France to send back troops, withdrawn in 1984, to help fight Libyan-backed rebels in the north. **Page 2**

Gulf War claims

Iraq said it recaptured the rich oil-rich Majnoon Islands and struck "decisive" blows on Iranian forces in southern Iraq. Iran said it repelled the southern attacks. **Page 2**

Owen devolution plan

A federal economic strategy should be developed in the UK as a first step towards political devolution in the regions, SDP leader Dr David Owen said. **Page 3**

Few travel abroad

Foreign travel is a minority activity among Britons, with only 6 per cent going abroad more than once a year, a survey shows. **Page 4**

Threat to Ershad

Begun Khaleda Zia, leader of a big Bangladesh opposition alliance, said it would launch "direct action" against military President Ershad if he did not step down this month. **Page 5**

Spanish move on Nato

Spain's ruling Socialist Party plans a big campaign to boost support for Spanish membership of Nato, ahead of next month's referendum. **Page 2**

'Spydust' was harmless

Chemicals known as "spydust", which Washington said were used by Moscow to track US embassy staff in the Soviet Union, were now known to be harmless, the embassy said. **Page 6**

Mayor quits over slur

Count Wilderich von Spee quit as mayor of Korbach, West Germany, after public criticism of his suggestion for killing "a few rich Jews" to balance the town budget. **Page 6**

Former minister jailed

Former Turkish Energy Minister Ismail Ozdaglar was jailed for two years in Ankara for taking a bribe from a tanker owner. **Page 6**

Merger bid that failed

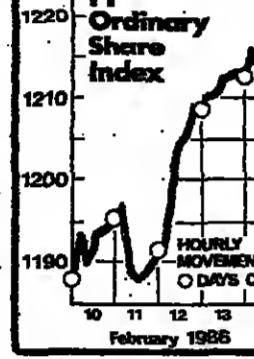
Pakistan and Afghanistan planned to merge in 1958, until martial law was imposed by Islamabad, Pakistan Interior Minister Mohammad Aslam Khattak revealed. **Page 6**

BUSINESS SUMMARY

Factory output up 3% in 1985

BRITAIN'S manufacturing output grew by about 3 per cent in 1985 but the pace of growth showed signs of slowing towards the end of the year, according to official estimates. Overall industrial production rose by about 5 per cent. **Back Page**

LONDON leading stocks, at first over-shadowed by first-dealings in drugs company, Wellcome, picked up and the FT Ordinary Share, FT-SE 100, indices again hit records.



The FT Ordinary Share Index rose 31 points on the week. **Page 12**; Wellcome debut, **Page 8**

DOLLAR was slightly weaker, with an index down 0.6 at 120.4. In London it closed at a seven-year low of Y181.9 (Y182.15). **Page 11**

FERMENTA's share price dropped sharply in Stockholm after Rafat El-Sayed, chief executive of the Swedish biotechnology group, admitted he had given false information about his academic qualifications. **Back Page**; White lie, **Page 6**

FORD's staff unions are recommending a strike over a national pay offer which does not match the deal signed by manual workers. **Back Page**

CANADIAN Government is divided over a plan by Thyssen, West German industrial group, to build a tank and armoured vehicle plant in Nova Scotia. **Back Page**

COMMONS committee criticised how the Government set priorities for public spending. It expressed concern over falling public sector investment. **Page 3**

UK, which is being urged by Opec to cut oil output, increased production in the North Sea by 11 per cent last month. **Page 3**; Boost for US, **Page 2**

B&E and Rolls-Royce are considering a partnership with the US if Europe does not take up Holol, the runway rocket project. **Page 4**

ISRAELI consumer prices fell 1.3 per cent in January, the first monthly decline for nine years. **Page 2**

BAVARIA would surrender its 24 per cent stake in aerospace group MBB to make a takeover easier, said the state's Premier Franz Josef Strauss. **Page 9**

CAIRO: 11 Egyptians and a West German businessman were arrested on \$6m (£4.2m) bribery charges over a contract to build a paper mill. **Page 6**

GRAND Metropolitan's share price closed 12p down at 388p after news of a sharp fall in operating profits at its US offshoot for the quarter to December 31. **Page 8**

WEIR GROUP, engineering company, failed in its £20m bid for Yarrow after lifting its stake to only 39.9 per cent by the offer's deadline. **Page 8**

SUTER engineering group, is a prospective bidder for UKO International, spectacles manufacturer. **Page 8**

Murdoch will press today for seizure of £17.4m NGA funds

BY PHILIP BASSETT AND RAYMOND HUGHES

NEWS INTERNATIONAL is to press today for sequestration of the £17.4m assets of the National Graphical Association prior union after a day of extraordinary legal manoeuvring in the dispute over the company's printing operations at Wapping, east London. Seizure of the NGA's assets for the second time in two years would mark the end of a frenzied week of legal activity over Wapping, which has included sequestration of the £17m assets of its sister union, Sogat '82. The fresh legal moves against the NGA heightened tension on the picket lines outside the Wapping plant last night, and its outcome will have an impact on the large-scale picket planned for tonight. The NGA faces a charge of contempt of court after it announced new industrial action against News International within two hours of being fined £25,000 for contempt arising from the earlier action. As part of its campaign against Mr Rupert Murdoch's company, which has sacked 5,500 NGA and Sogat members after they went on strike, the NGA has been blacking production of the Times Literary, Educational and Tighler Educational supplements, which are printed in Northampton. News International brought contempt charges yesterday against the union for disobeying an injunction granted the company on January 28 requiring that the blacking be halted. Before the court hearing the NGA withdrew the injunction, effectively ending the prospect of its assets being seized. The union, which unlike Sogat earlier this week was represented in court, admitted its contempt, was fined and given seven days to pay. But Mr Justice Michael Davies warned the union that the injunction against it remained in force, and that if there were further breaches of it the court would not be "fobbed off by any tenuous or specious excuses" from imposing further fines or sequestration. Mr Tony Dubbins, NGA general secretary, sharply criticised the judgment as "completely pernicious and malevolent" smacking of "anti-union prejudice." At the same time the union announced it would reimpose industrial action against the supplements from 6am today. He insisted that the union was not trying to "con the court" in the way the judge warned against. The fresh action is based not on the union's original injunction which remains withdrawn, but on a membership ballot conducted on Thursday afternoon. Mr Dubbins would not reveal which group of workers had been covered by the ballot, but it is understood that it was taken among a section of the NGA membership at Typesetters a Clerkenwell, London company which sets the supplements' editorial matter rather than at the Mercury in Northampton where it is printed. Mr Bruce Matthews, News International managing director said last night the ballot covered only six NGA members only two of whom worked directly on the supplements. Speaking on Channel 4 News he challenged the NGA to complete the ballot before today's planned proceedings. Based on extensive legal consultation, Mr Dubbins claimed that the ballot held strictly under the terms of the 1984 Trade Union Act, brought the picketed action within the scope of the law. He insisted, too, that the action would be within the terms of the 1980 Employment Act. This prohibits most secondary industrial action—action taken against anyone other than the employer directly involved in the dispute—apart from certain sanctioned areas, in particular the first customer or supplier of the employer in dispute. While both Typesetters and Continued on Back Page **Background, Page 4**

Philippines bishops attack 'fraudulence' in election

BY SAMUEL SENOREN IN MANILA

THE CATHOLIC Church in the Philippines yesterday aligned itself with the opposition by condemning the "unparalleled fraudulence" of last week's presidential elections and calling for a "non-violent struggle for justice." The unusually strong declaration from the country's Catholic Bishops Conference came as President Ferdinand Marcos was credited with an overwhelming lead over his challenger Mrs Corason Aquino in the National Assembly's official tabulation of votes. The Church has a very influential role in Philippines life. With 97 per cent tabulated by late last night, Mr Marcos had 53.8 per cent of the vote against 46.2 per cent for Mrs Aquino who was more than 1.4m votes behind. The bishops' declaration fraud that the election fraud had been "systematically organised." This conclusion resulted from two days' discussion based on reports from prelates from all over the country on the conduct of the elections in their areas. The statement, which will be read in churches tomorrow, makes no mention of President Marcos but warns that a government which assumes power through fraudulent means had no moral basis. "The most that we can say, then, about such a government, is that it is a government in possession of power," it said. Senior members of Mr Marcos's cabinet immediately deplored the declaration as unprecedented and divisive. Along with the bishops were advocating civil disobedience, Mr Blas Ople, Labour Minister, said their action "made a travesty of the constitutional principle of separation of church and state." Followers of Mrs Aquino are taking of mounting a campaign calling for non-payment of taxes, workplace disruption and strikes if the assembly, dominated by Mr Marcos's New Society Movement, forces through a proclamation naming Mr Marcos as president-elect. Opposition members of parliament are to challenge most of the election returns that have given Mr Marcos the overwhelming majority. Mr Marcos's supporters want to finish the counting by today so they can proclaim him President before a scheduled "people victory" rally in Manila tomorrow starring Mrs Aquino and vice presidential running mate Mr Salvador Laurel. President Ronald Reagan's personal envoy Mr Philip Habib is due to arrive in Manila today for fact-finding talks with Mr Marcos and Mrs Aquino as well as other political figures. US Congressman Mr Stephen Solarz, a vocal critic of Mr Marcos, was expected late last night. The Reagan Administration, meanwhile, sent condolences to the family of former governor Evelio Javier, a top supporter of Mr Aquino, who was assassinated on Tuesday in central Philippines. It called on the Philippine Government to bring Mr Javier's murderers to justice. Three soldiers have been arrested in connection with the murder. **Nightmare for US, Page 2**

Poisoned pills pose problem for Johnson & Johnson

BY TERRY DODSWORTH IN NEW YORK

NEW YORK officials investigating the death of a young woman from cyanide-laced capsules of Tylenol, a pain-killing pharmaceutical, were yesterday grappling with a growing problem following discovery of a second bottle containing the poison. The bottle came to light during laboratory tests on thousands of confiscated containers of Tylenol taken from supermarket shelves in the plush Bronxville suburb north of New York. Its discovery led to repeated warnings against using Tylenol capsules from the health authorities and the manufacturers Johnson & Johnson pharmaceuticals group. Adding to the alarm, police said they had arrested three who had claimed responsibility for the woman's death and for writing a letter demanding a \$2m (£1.4m) extortion payment. Although the letter was dismissed as a fraud it brought back uncomfortable memories of the panic which spread through Chicago four years ago when seven died from cyanide-laced Tylenol. At that time copycat incidents snowballed in the wake of the deaths. A man in California was convicted for trying to poison his wife. Until the New York laboratory tests threw up the fresh evidence of capsule-poisoning, Bronxville authorities had treated the dead woman's case as almost certainly an isolated incident. The confiscation of Tylenol containers for testing was presented as a precaution, while police indicated they were handling the death as a murder case, suggesting that the victim was a deliberately chosen target. Yesterday investigators were apparently keeping an open mind on the question of whether there were any connections between the two incidents of poison pills. The contaminated bottles were taken from supermarket shelves within two blocks of each other, but some officials noted that this did not necessarily establish a link, because crimes of this kind frequently encouraged imitations. Contamination inside Johnson & Johnson plants also seems to have been largely ruled out, because the two bottles came from different manufacturing sites. In that case, the poisoning must have been a sophisticated operation, because Tylenol-capsule packaging has been changed to make them a tamper-proof as possible since the wave of deaths in Chicago. Johnson & Johnson, which Continued on Back Page

Inquiry threat to Distillers merger with Guinness

BY DAVID GOODHART

THE PROPOSED £2.2bn agreed merger between Guinness and Distillers, the drinks group, has been referred to the Monopolies and Mergers Commission for investigation. The move makes it more likely that the alternative £2.36bn bid for Distillers from Argyl, the supermarkets group, will now succeed. The decision, although not unexpected, is nevertheless a serious blow to Distillers' directors, who were so keen to escape from Mr Jimmy Gutter's Argyl group that they agreed to the merger with Guinness in little more than a week in mid-January. The boards of Distillers and Guinness complained that the decision deprived shareholders of a choice and the Distillers board of its preferred and most logical link. Guinness is expected to announce next week its future intentions. The Argyl camp was confident of victory last night but Mr Rupert Faure Walker of Samuel Montagu, Argyl's merchant bank, said: "We are not celebrating yet." Mr Jimmy Gutter is seeking a meeting with Mr John Connell, the Distillers chairman, but there is little chance of the board endorsing the Argyl offer. That offer now values each Distillers share at 652p compared with the last Guinness offer of 604p. It appears that Guinness came close to increasing its own offer. Distillers said the Government's decision came "at a time when discussions with Guinness on the terms of the revised Argyl were being finalised." There remains an outside chance of another bidder for Distillers emerging or of the company itself attempting a "poison pill" acquisition. The most likely next step is for Distillers to attempt a strong conventional defence: a good profits forecast is expected next week. However, the group's earlier attempts at such a move were not successful and the Guinness merger was widely seen as an admission that its own management was not strong enough to remain independent. Mr Hendry Fattie, Industry and Information Technology Minister, made the referral decision instead of Mr Paul Channon, the Trade Secretary, is related in the Guinness family. The Monopolies Commission has been asked to report within six months. Mr Fattie said he was taking into account the fact that the Argyl bid had been cleared but concluded that "the Guinness proposal raised sufficiently serious questions about its impact on competition as to deserve further investigation." A Distillers-Guinness group would control 35 per cent of the UK Scotch whisky market. Guinness yesterday repeated its argument that Bell's, its up-market whisky brand, did not compete with Distillers in the UK and that the referral disregarded its plans for export growth. The bid timetable now reverts to the position before Guinness entered the fray. Next Wednesday will be day 39, the last on which Distillers can publish defensive information, and 21 days later the bid will close. Argyl, however, has named February 27 as the closing date for its offer. Argyl also said yesterday it would continue its court challenge to the highly unusual agreement by Distillers to accept Guinness's £20m underwriting bill. Guinness fell 11p to close at 287p. Distillers rose 10p to close at 620p and Argyl rose 13p to close at 353p. **Lex, Back Page**

WEEKEND FT



TAHITI
The shining example of a Pacific island paradise — or a hostage to France's nuclear testing programme? **Page 1**



HEALTH
Higher NHS charges are causing a revival of interest in hospital cash plan schemes. **Page 1X**



HOW TO SPEND IT
Mail order shopping has never attracted a mass market. Freccino and Jeff Banks of Warehouse unite in search of tireless buyers. **Page XIII**



PERFORMANCE ARTS
Jan Fabre's performance art spectacular visits the Albert Hall next week. **Page XV**

Lloyds Bank California sold to Sanwa of Japan

BY MICHAEL CASSELL

LOYD'S BANK is selling its Californian banking business for \$363m (£187m) cash to Sanwa Bank of Japan. The decision to sell Lloyds Bank California comes a week after Midland Bank disclosed that it was raising just over \$1bn by selling Crocker Bank, its ill-fated Californian subsidiary, to Wells Fargo. The Lloyds move also ends a disappointing excursion into the Californian banking market. Though the marginally profit-able operation never encountered the difficulties which plagued the much larger Midland subsidiary, the sale sent Lloyds Bank shares up 13p to close at 481p. Lloyds entered the Californian market in 1974 when it acquired First Western Bank—renamed Lloyds Bank California—from World Airways for \$118m. Lloyds then paid a \$64m premium over the bank's net book value, but yesterday's sale agreed. Continued on Back Page

"Another year of tremendous success."
Jeffery Bowman, Senior Partner, Price Waterhouse.

If you would like to receive a copy of our Annual Review and learn more about us, please complete the coupon.

To: Robert Brooke, Price Waterhouse, Southwork Towers, 32 London Bridge Street, London SE1 0BY. Tel: 884657. Please arrange for me to receive a copy of your Annual Review for 1984-85.

NAME _____ COMPANY _____

ADDRESS _____

POSITION _____ TEL. NO. _____

Price Waterhouse

MARKETS

DOLLAR
New York lunchtime: DM 2.3475
FFr 7.2205
Sfr 1.943
Y182.05
London: DM 2.346 (2.348)
FFr 7.2 (7.2225)
Sfr 1.944 (1.9445)
Y181.9 (182.18)
Dollar index 120.4 (121.0)
US lunchtime Y182.3

UK LUNCHTIME RATES
Fed Funds 7 1/2%
3-month Treasury Bills: yield: 7.26%
Long Bond: 10 1/2% yield: 8.99%

GOLD
New York: Comex April latest \$376.3
London: \$371.5 (374.78)
Gold price changes yesterday, Back Page

STERLING
New York lunchtime \$1.418
London: \$1.418 (same)
DM 3.325 (3.33)
FFr 10.21 (10.2425)
Sfr 2.7575 (same)
Y28.0 (28.28)
Sterling index 73.6 (73.7)

LONDON MONEY
3-month Interbank: closing rate 12 1/2% (same)
NORTH SEA OIL
Brent 15-day March \$17.125 (\$16.80)

STOCK INDICES
FT Ord 1218.8 (+6.3)
FT-A All Share 19.01 (+0.3)
FT-SE-100 1,477.9 (+4.4)
FT-A long gilt yield index: High coupon 10.45 (10.53)
New York lunchtime: DJ Ind Av 1,649.89 (+4.82)
Tokyo: Nikkei 13,342.78 (+48.06)
Other price changes yesterday, Back Page

CONTENTS

A white lie dazzles Sweden: Refaat El-Sayed and the Fermenta crisis... 6
Man in the news: Chief Buthelezi... 6
Editorial comment: Mr Lawson's opportunity... 6

London's theatres: stage by stage comes a revival... 7
First impressions of Israel: from carnival to a spirit of collectivism... 7

Appointments... 9
Commodities... 11
Company News... 8
Economic Diary... 4
European Options... 9
Foreign Exchange... 11

Gold Markets... 11
Int'l Co News... 9
Leader Page... 9
Letters... 7
Law... 19
London Options... 9
Wall Street... 8
Money Markets... 11

Overseas News... 2
Share Information 16, 17
SE Dealings... 12, 13
Stock Markets: London... 12
Wall Street... 8
Bourses... 10

UK News: General... 3, 4
Labour... 8
Unit Trusts... 13-18
Washer... 10
Base Rates... 8
Bids, Sec. Rates... 7

For London market and latest share index 01-245 8025; overseas markets 01-245 8089

OVERSEAS NEWS

The US faces an agonising dilemma as Marcos clings on to power. Reginald Dale reports

Philippine election nightmare haunts White House

FOR MANY in the US Administration, the disputed outcome of the Philippine election is a nightmare come true. In the weeks before the poll, US officials were describing their worst-case scenario as "a close election in which fraud is a deciding factor..."

If Washington sticks with Mr Marcos, it risks alienating the moderate opposition, creating a wave of anti-Americanism that would greatly benefit the Communist insurgents, and finding itself on the wrong side when Mr Marcos finally disappears from the scene.

Washington is already concluding that 'credible' is one of the last words likely to be applicable to the Philippines election outcome, and sees no indication from President Marcos that he is ready to press ahead with reform.

Senior Foreign Relations Committee and leader of the official US election observer team, said that Congress might reject all future aid to the Philippines if the election was shown to be fatally flawed.

Others are suggesting that the aid might be put in some kind of escrow account, to be held in trust for the Filipino people until the day that Mr Marcos finally goes.

than the White House about the dangers of continuing to back Mr Marcos, and is doing its best to keep its lines open to Mrs Corason Aquino, the opposition candidate.



Mr Marcos and President Reagan... old friendships die hard

Iran claims 150 Iraqi troops killed

IRAN AND Iraq reported fierce fighting yesterday on the Faw peninsula at the head of the Gulf which was captured by Iranian troops on Sunday in a new flare-up in the five-year-old war, our Middle East Staff writes.

Tehran claimed that its troops, dug in north of the disputed oil port at Faw, had beaten back three counter-attacks, killing at least 150 Iraqi troops.

Iran claimed that Iraq's crack Presidential guard have been thrown into the battle, but that three brigades were attacked and routed, leaving behind 100 of their vehicles.

An opinion poll indicated yesterday that a convincing majority of Danes will vote in favour of European Community reforms in a referendum this month.

The opposition, led by the Social Democrats, said the referendum would give wider powers to the European Parliament and threaten Denmark's veto right in community affairs.

Inflation rate in West slows

Inflation in Western industrialised nations last year fell to its slowest pace in 17 years, the Organisation for Economic Co-operation and Development (OECD) said yesterday.

The average annual rate in the 24 countries of the organisation slowed to 4.6 per cent last year from 5.3 per cent in 1984, according to the OECD's latest monthly price report.

Border deaths admitted

AN ADMISSION of responsibility for the death of two Costa Rican border guards in May last year, has thawed relations between the two countries.

Paris unsettled by Haiti and Chad

THE THREAT of a renewed Libyan incursion into Chad and the toppling of Mr Jean-Claude Duvalier, ex-President of Haiti, are confronting the Paris Government with delicate political problems just a month before the French general elections.

overthrow was therefore a natural decision, worked out in accord with the US, to avoid further bloodshed in Haiti, government officials say.

Liyan aggression in Chad. But government officials believe that Tripoli has been hoping that the French election campaign would make Paris less likely to respond to the latest outbreak of fighting.

oil price boost for US growth. Evidence of the beneficial impact falling oil prices are having on the US inflation rate and another moderate gain in industrial production boosted bond prices on Wall Street yesterday.

Oil price boost for US growth

EVIDENCE of the beneficial impact falling oil prices are having on the US inflation rate and another moderate gain in industrial production boosted bond prices on Wall Street yesterday.

Balance of payments deficit dogs Hawke

AUSTRALIA recorded a current account deficit of A\$944m (£466m) last month (January), boosting the deficit on current account for the first seven months of Australia's 1985-86 financial year to A\$3.4bn (£858m), up A\$1.5bn on the seven months to January 1985.

whereas imports rose by 25 per cent to A\$21.5bn, with more than half the increase in imports accounted for by purchases of machinery and transport equipment.

Spanish Socialists launch Nato campaign

THE ruling Socialist Party, increasingly concerned over adverse surveys of voter intentions in next month's referendum on Spanish membership of Nato, yesterday unveiled a major campaign designed to boost the present thin support for the Atlantic alliance.

What has clearly angered the Socialist Government and upset its referendum strategy is the abstentionist platform adopted by Coalition Popular, the centre-right opposition group led by Mr Manuel Fraga.

Spain 300m (£???) but that this could be doubled as the party was considering a directly mailed letter from Prime Minister Felipe Gonzalez to every voter asking for a yes vote.

the continuing increase in industrial production will nevertheless be seen as an encouraging sign, especially in view of the 0.6 per cent rise in business equipment output.

Nasa releases tell-tale photos

AMID growing controversy over the response of US space agency officials to safety concerns, the National Aeronautics and Space Administration (Nasa) has released pictures revealing an unusual puff of smoke emitted from the right solid rocket booster of the ill-fated shuttle Challenger just one second after its launch.

Peres in surprise call for return to economic growth

MR SHIMON PERES, the Israeli Prime Minister, has made an unexpected call for a return to economic growth just seven months after launching the toughest austerity programme in Israel's history.

Angola considers S. Africa prisoner swap

ANGOLA would consider a prisoner exchange with South Africa but such a deal could not include Mr Nelson Mandela, the jailed leader of the African National Congress, Mr Elisia de Figueiredo, the Angolan Ambassador to the United Nations and Britain said in London yesterday.

Fall in electronics exports hits Hong Kong trade

A DROP in Hong Kong's exports of electrical and electronics goods led to a 3.6 per cent fall in the annual value of domestic exports in 1985, compared with HK\$129.9bn for the year, compared with HK\$135.5bn exported in 1984.

had been positive elements in President P. W. Botha's statement to the South African Parliament last month, but it had omitted a number of the confidence-building measures sought by the Europeans.

the one bright point was a 35 per cent improvement in exports to mainland China, up HK\$3.9bn to HK\$15.2bn.

the one bright point was a 35 per cent improvement in exports to mainland China, up HK\$3.9bn to HK\$15.2bn.

Border deaths admitted

AN ADMISSION of responsibility for the death of two Costa Rican border guards in May last year, has thawed relations between the two countries.

Border deaths admitted

AN ADMISSION of responsibility for the death of two Costa Rican border guards in May last year, has thawed relations between the two countries.

Border deaths admitted

AN ADMISSION of responsibility for the death of two Costa Rican border guards in May last year, has thawed relations between the two countries.

Fall in electronics exports hits Hong Kong trade

AN ADMISSION of responsibility for the death of two Costa Rican border guards in May last year, has thawed relations between the two countries.

AN ADMISSION of responsibility for the death of two Costa Rican border guards in May last year, has thawed relations between the two countries.

AN ADMISSION of responsibility for the death of two Costa Rican border guards in May last year, has thawed relations between the two countries.

AN ADMISSION of responsibility for the death of two Costa Rican border guards in May last year, has thawed relations between the two countries.

AN ADMISSION of responsibility for the death of two Costa Rican border guards in May last year, has thawed relations between the two countries.

AN ADMISSION of responsibility for the death of two Costa Rican border guards in May last year, has thawed relations between the two countries.

AN ADMISSION of responsibility for the death of two Costa Rican border guards in May last year, has thawed relations between the two countries.

AN ADMISSION of responsibility for the death of two Costa Rican border guards in May last year, has thawed relations between the two countries.

Advertisement for PACKAGING, dated April 15, 1985. It includes contact information for MARK FISHER and a phone number 01-248 8000. The ad is for the Financial Times and is part of Europe's Business Newspaper.

Baker hits at leadership speculation among Tories

By Margaret Van Hattem, Political Correspondent

MR KENNETH BAKER, the Environment Secretary, last night criticised those in the Conservative Party who speculated about the possibility of a change in its leadership, and those in the Cabinet who, actively or passively, encouraged them to do so.

Mr Baker was one of several Tory MPs making speeches strongly in support of Mrs Margaret Thatcher and her achievements. It was a move possibly directed by Conservative Party headquarters, seen as a reaction against last week's batch of ministerial "hat-in-the-ring" pronouncements.

"The itchy search for new leaders must cease," Mr Baker told Chester Conservative Association.

"I sometimes think there is so much chatter about the leadership that it is large enough to accommodate the hats being thrown into it."

Mr Baker called on the party to set aside the "regrettable and bruising" experiences of the past few weeks and start

"trumpeting" Mrs Thatcher's achievements — control of inflation, the privatisation programme, and the "return of democracy" to the trade unions.

Among other Tories defending the Prime Minister last night were Mr Rhodes Boyson, Northern Ireland Minister, who also reminded his audience of Mrs Thatcher's success in these fields, and praised her "dynamic leadership"; and Mrs Jill Knight, who said: "It is high time to end the silly rumours about the Tory Party leadership."

"Margaret Thatcher holds that office with the firm and unwavering support of the overwhelming majority of the parliamentary party and she will continue as leader for a long time yet."

Michael Heseltine, the former Defence Secretary, urged the Government to concentrate on helping industry rather than cutting taxes in the forthcoming Budget.

Speaking to Tories in Bolton and Stockport, Mr Heseltine

said all available resources should be directed toward introducing or extending incentives for industrial modernisation, enhanced efficiency or job provision.

"Particular emphasis should be on schemes that encourage the private sector to add their resources to those on offer from the Government. Thus achieving gearing from the public expenditure," he said.

"I see no case for using what limited resources are available on reductions on the standard rate of tax. I don't believe it would have any significant effect on incentives."

Returning to the theme of "caring capitalism" outlined in his speech to the Young Conservatives, Mr Heseltine added: "The Chancellor should take the opportunity of his Budget speech to remind the larger and wealthier of Britain's companies, and particularly of its financial institutions, that they have a role and a responsibility in Britain's social as well as its economic fabric."

Solicitors plan board to consider complaints

By Hazel Duffy

COMPLAINTS by the public against solicitors will be considered in future by an independent but non-statutory board, if the recommendation of a Law Society steering committee is adopted by its council next month.

The proposed Solicitors Complaints Board would replace the present system where the decision to investigate complaints lies with the solicitors' governing body, which is the Law Society.

This system is considered inadequate by many bodies representing consumer interests, and by many in the profession.

Solicitors have been given two options on how they should reform their complaints procedure by Coopers & Lybrand, the consultants who were commissioned by the Law Society to investigate its affairs.

The first was an independent complaints board, which would have a majority of laymen on its investigating committee where the decision on whether to examine any complaints would lie. The laymen would be nominated by the Master of the Rolls.

The second option was to set up a statutory board, composed of a majority of solicitors. This would require primary legislation and could enforce a long delay to bringing the complaints procedure into effect, says the steering committee.

However, Coopers & Lybrand says it would be more independent of the Law Society, although the consultants remained neutral on which option should be adopted.

The steering committee rejected the statutory option also on the grounds that the profession would lose permanent control over the complaints procedure.

The complaints board would cost about £330,000 annually to administer in addition to the current £2m spent on investigating complaints. In 1984, 371 complaints resulted in disciplinary proceedings or other action.

Jason Crisp on a consumer electronics-to-computers leader

How Sugar took Amstrad to the top

"ABSOLUTELY brilliant—a genius in his own field. The clever thing is, he gets into markets at the right time and he also gets out of them at the right time," says Sir Clive Sinclair, a business rival.

At the rival's bustling, noisy headquarters in commuterland Essex one of his directors said yesterday: "He is aggressive, bright and a natural-born businessman."

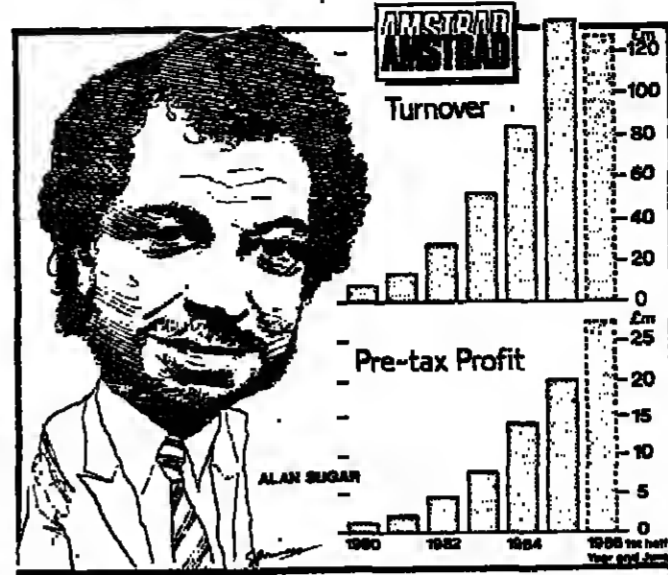
The man they are talking about is Mr Alan Sugar, founder and chief executive of Amstrad, the consumer electronics-to-computers company. Mr Sugar is a down-to-earth, no-nonsense businessman who caught the smooth men of the City by surprise this week—and not for the first time.

Analysts had been confidently predicting Amstrad would produce a substantial jump in profits of about 60 per cent to £15m for its interim results. In fact, profits nearly trebled to £27.5m, about £7.5m more than the company made in the whole of last year.

Because Mr Sugar owns a fraction more than 50 per cent of the company the value of his shares rose by £27.5m, to £185m on the same day. The man who wrong-footed the stockbrokers left school at 16 and by then was already making more money than his father.

His youthful entrepreneurial activities ranged from selling film to school friends, hollering beetroot for the greengrocer and taking family photographs of neighbours.

Mr Sugar is reluctant to talk of the past, which bores him, and he repeats a complaint forcefully made by other members of the board. This is that Amstrad is seen by the press and by the City as a one-



product company run by one man.

Up to a point it is true. Amstrad is not a one-product company for it sells audio and video equipment, home-computers and word-processors for business. Two years ago audio and video accounted for 96 per cent of turnover. Now it is 16 per cent with the rest in computers.

In spite of the protest Mr Sugar is undoubtedly a powerful force in his own company. He switches quickly from being rather gruff and almost curt to being animated, loquacious and rude both about his competitors and about bureaucrats.

One colleague notes that some people are rather nervous of him.

Another director says: "You don't make mistakes when you talk to him. It is not wise to

say something you have not thought through. He is very quick at weighing things up and you could be in for a nasty shock."

Although the company is criticised for having a fickle, passing interest in markets, the other side of this coin is that analysts praise it for its feet-footed management.

Most of the decision-making is conducted in a large, noisy, open-plan office. Mr Sugar sits quietly in the middle with only an imposing leather chair to indicate his position.

In the company all emphasise the speed of decision-making. Mr Malcolm Miller, sales and marketing director, says: "We're doers. We get on with things. If you have a good idea, every day you waste talking about it is a day's profit lost."

Mr Ken Ashcroft, the finance

director who joined last spring having worked in large organisations, echoes the point: "It was a revelation to me to see the simplicity of decision-making."

Amstrad started out selling clear plastic covers for record-players. The entrepreneurial style has epitomised Amstrad's development, which until very recently concentrated on consumer electronics, particularly very low-cost audio equipment.

The company has entered and left businesses like colour television sets, including manufacture, and video recorders, to which it has now returned, and Citizen's Band radio.

The biggest reason for its recent success has been computers. First came home-computers, then the remarkable PCW 8256 word-processor, which costs £399 plus V.T.

Mr Sugar talks contemptuously of the "boffins" in the hi-fi and home-computer business who get carried away by technology. He is emphatically a businessman and the company's skill is in assembling products in complete packages at very low prices. Most are made in the Far East.

Amstrad employs about 500 in the UK and assembles only some of the audio equipment at a factory in Shoeburyness, Essex. The computers are made in Korea where the sub-contractor employs 2,000 because of Amstrad.

Mr Sugar says: "A long time ago I wanted Amstrad to become one of the largest manufacturers of consumer electronics. That's gone wrong. We are importers. I'd be delighted to have 2,000 people employed at Shoeburyness but we are in business."

Trade demand for televisions increases

By Jason Crisp

TRADE DEMAND for colour televisions and video recorders picked up sharply in the third quarter last year after the weak interest of the first six months, according to figures from the British Radio and Electronic Equipment Manufacturers' Association.

Deliveries of colour televisions were 39 per cent higher than in the same quarter a year earlier and VCRs were 55 per cent up. Higher consumer spending, growing number of replacement sales and lower stocks in the trade helped boost demand.

The notable features in colour television sales were the

switch back towards large screens and the reduction in imports together with an increase in exports. For several years demand for small televisions has been soaring because of the growth in second sets for bedrooms, holiday homes and caravans, and use with computers.

The resurgence in demand for large sets results from a strong replacement market and the growing availability of the new sets with flatter, square tubes. Brema says. Another factor was the narrowing of price differentials between small-screen and budget-priced large sets.

Imported televisions accounted for 26.4 per cent of deliveries in the quarter, compared with 44.2 per cent in that period in 1984. This reflects increased production in the UK by Japanese manufacturers. Exports were almost 40 per cent higher than a year previously.

The decline in deliveries of sets with teletext—the broadcast information services such as Ceefax and Oracle—was halted in the third quarter, which was about the same as a year ago. But Brema noted that stocks were still low and inadequate.

Exam concession to university applicants

By Our Education Correspondent

UNIVERSITIES will make allowances to their admission procedures this year for handicaps suffered by candidates from state schools as a result of the teachers' pay dispute.

Heads of state schools will be asked to complete forms detailing any disruptive effects of teachers' protests on university candidates' preparation for the GCE Advanced-level examinations. Admissions tutors will take account of this in assessing the candidates' examination performance.

The forms will be sent by the Universities Central Council on Admissions in May.

Societies' inflows stay high

By Michael Cassell, Property Correspondent

THE JANUARY increase in bank base rates had little immediate impact on the inflow of funds in building societies.

Figures released yesterday by the Building Societies' Association show that the societies took in £5,230m from investors. Withdrawals left net receipts of £770m, compared with £895m in the previous month and £823m in January 1985.

Mr Richard Weir, secretary general of the association, said that the raising of interest rates had not had any discernible effect on the flow of funds. Demand for mortgages, he added, was quite strong and the societies were well placed to meet it.

Early returns suggest that the high level of receipts has continued into February, although a seasonal decline in inflow is expected over the month as a whole.

The BSA said that additional funds raised in the wholesale market added £227m to the societies' income during January. The sharp decline from December's record total of £917m reflected the increased cost of this form of borrowing, following the rise in money market rates.

During the month, borrowers paid £985m of their mortgage debts and the funds became available for re-lending to new borrowers.

During January, the societies made gross mortgage advances of £2,200m, down from £2,470m in December. Net new commitments rose marginally from £2,150m to £2,190m and, at the end of January, the societies were committed to lend £5,590m.

The societies made their annual payments of composite rate tax in January and the average liquidity ratio for the industry fell from 18.9 per cent in December to 17.8 per cent.

IoD president

SIR PETER WALTERS is the new president of the Institute of Directors, out its chairman, as stated in a headline in last Saturday's Financial Times. The IoD's chairman is Mr Parry Rogers.

Owen outlines SDP's federal economic strategy

By Margaret Van Hattem, Political Correspondent

A FEDERAL economic strategy should be developed in the UK as a first step towards political devolution in the regions, Dr David Owen, the Social Democrats leader, told his party's Scottish Constitutive Assembly in Paisley yesterday.

The success of economic federalism in the EEC and the US was "the key both to devolving self-government to Scotland, to decentralising power to Wales and to evolving towards a system of regional government in England," he said.

"As in the case of the EEC, the initial building blocks are economic, industrial and commercial. The political development will often follow rather than lead."

Decentralising of microeconomic power to the English regions would be resisted by Whitehall. But set in the wider context of UK constitutional change, self-government for Scotland would be seen as "the next logical step" and would provide the lead for other parts

of the UK.

"Britain's nations and regions have not thrived in the centralised state. They have not been helped by Whitehall's imposition of uniform solutions to diverse national, regional and local problems.

"We have nothing to fear from a variety of different approaches. Everyone thinks the US under Reagan is Thatcherite in economics. So it is, at the federal level. But not at the state level. Active state intervention to promote industry is taking place quietly and unobtrusively.

"One of the reasons why the Americans have created more jobs than we have is that their state governments are actively trying to create them. We could do the same if we were a bit less London-centred in our thinking."

"The Conservatives stand for the market and the minimal state. Labour stands for the centralised, top heavy state. We stand for a decentralised state."

N Sea output up by 11%

By Dominic Lawson

BRITAIN'S North Sea oil output rose by more than 11 per cent last month to 2,76m barrels a day. The increase comes as the Organisation of Petroleum Exporting Countries is putting diplomatic pressure on the UK to cut its North Sea output.

A number of ministers in the past fortnight have said the UK would not order the North Sea operating companies to reduce output.

Yesterday's Wood Mackenzie figures from the West Mackerenzie oil fields, show the oil companies have not taken independent initiative cut their oil output.

The rise over December's figure of 2,48m b/d was largely due to an increase in output of 172,000 b/d from BP's Forties field. In January 1985 the UK produced at a record rate of 2,77m b/d, and it is thought

that K North Sea production is unlikely ever again to reach these levels.

An Opec official said yesterday: "We are very unhappy to see this increase in output but we do not believe it is meant as a deliberate sign to the market."

Taking in Norwegian production of 871,000 b/d, Wood Mackenzie said the total North Sea output in January of more than 3.6m b/d is a record.

Trading in North Sea spot oil was almost non-existent yesterday as traders continued to unravel the dealing chains in February shipments of that collapsed on Wednesday and which has led to legal action and potentially enormous losses.

One trader said: "No one trusts each other in this market at the moment. There will be a lot more blood on the floor in March."

Tin prices rise with hopes of end to crisis

By Stefan Wagstyl

THE FREE market tin price has risen sharply in response to hopes that efforts to resolve the 31-month tin crisis are paying off.

Traders in Rotterdam, where a secondary market has emerged following the suspension of the London Metal Exchange tin market in October, reported metal changing hands at a low of \$5,800 a tonne, compared with a low of \$5,200 a tonne at the beginning of the week.

Negotiations between the International Tin Council and its creditors, however, made little progress yesterday with the two sides still far from finding all the funds needed to rescue or agreeing on other measures, notably the continuance of export controls on tin producing countries.

The creditors said they wanted the financing settled by next Friday. The ITC next meets on Wednesday.

Andrew Fisher on National Freight Consortium's share move

Keeping the magic of employee ownership

"IF THE goose lays golden eggs, are you going to shoot it?" asks Sir Peter Thompson, the ebullient chairman of National Freight Consortium. Owned by its management and employees for four years, NFC has turned in steady profit rises and the original £1 shares are worth nearly £17.

NFC's activities include removals, distribution, travel, truck rental, storage and warehousing.

Sir Peter hopes City institutions will not want to oppose moves to bring in a generous profit-sharing scheme to make it easier for staff to buy and sell NFC shares and to prevent control slipping away if a stock market flotation occurs.

Shareholders of NFC will be able to vote on these matters at tomorrow's annual meeting in Nottingham. As many as 2,000 from all over the UK are expected to crowd into the city's Royal Centre.

Sir Peter is fairly confident they will approve the package. "If it doesn't go through, then we've got a problem." He sees it as vital to NFC's future performance, though the City might find some parts hard to take.

Meetings on the measures have taken place with employees around the country. "I didn't detect any great hostility. I will be surprised if we don't get acceptance, and by an overwhelming majority."

Shareholders will be asked to approve in principle the measure drawn up by the board. Implementation will be worked out later, and detailed proposals

put to shareholders at an extraordinary general meeting.

To Sir Peter, ownership by employees is "the magic ingredient X" which has helped drive NFC since privatisation. Employees, their families, and pensioners own 83 per cent of the group and institutions the rest.

Pre-tax profits rose 70 per cent from £17m to £29m in the financial year to October 5, with a further rise expected in 1985-86.

But the dark spot was the parcels division, which is being trimmed to end losses of £9m a year. The reorganisation, with more redundancies likely, caused heavy write-offs and retained profits were 64 per cent lower at £3.5m. NFC hopes to break even in parcels next year.

The 17,200 shareholders — 60 per cent of employees own shares — have been fully informed of the board's proposals in a 28-page booklet called The Way Ahead. They involve:

- Making it easier for employees to buy and sell shares through savings and bonus schemes, allowing institutions to trade shares on NFC's internal market to provide a safety net which ensures every seller finds a buyer, and changing the way the shares are valued to bring this closer to a stock market-type valuation.
- Giving employees special voting rights so no-one can control more than 30 per cent of

double voting power in any vote to overturn the 10 per cent clause. This could not be challenged as long as employees held at least 30 per cent of the votes.

- Making up to 15 per cent of pre-tax profits available for profit-sharing and bonus share schemes. Again, some institutions might look askance at such a high proportion of profits, if forecasts are met, going to share-outs.
- Combining employees' A shares with the B shares of the institutions. The latter, accounting for 17 per cent, have rights over new share issues and the right to appoint one director. The change would allow the profit-sharing and share-saving schemes to enjoy tax advantages not available with two classes of shares.
- Introducing a charter for pensioners, covering preparation for retirement, the arranging of accommodation and treatment if necessary.

Sunday's AGM will therefore be no normal affair. The exercise is aimed at preserving what Sir Peter calls the magic.

Announcing the proposals last month, he said: "Share ownership will lose its glamour the day someone is unable to sell. However altruistic people are, they're also greedy."

Backed by its worker-owners, NFC intends to push deeper into more dynamic overseas markets such as the US and Australia—investment this year will be about £120m—and develop more specialised services in its operations.

Peter Thompson: hoping for City support

the shares after a flotation. The City will find this hard to take but Sir Peter is worried that dilution of employee control could weaken motivation.

NFC told the Government at the time of the £53.5m buyout in February 1983 it would not seek a flotation until 1987. One reason it wants a further delay is that more than £50m of new equity would be needed in the event of a flotation to cut the high indebtedness stemming from the buyout financing.

This would certainly weaken employee control. Thus the board proposes that employees and their families should have

Shareholders will be asked to approve in principle the measure drawn up by the board. Implementation will be worked out later, and detailed proposals

BUSINESS TALKS

ON

FOREIGN TRADE

Economic and Technical Co-operation, Jiangsu Province, China

(March 1st to 12th, 1986, Nanjing, Jiangsu Province)

During the talks, various import and export transactions and projects of economic and technical cooperation will be negotiated with friends from economic and trade circles all over the world. Jiangsu Export Goods Exhibition will also be held at the same time.

We sincerely welcome our compatriots in Hong Kong, Macao and Taiwan, Overseas Chinese and personages from economic, financial, industrial, commercial and business sectors throughout the world to join us for business talks.

Organizer:
The Commission of Foreign Economic Relations and Trade, Jiangsu Province, China.

Participants:
China National Textiles Imp. and Exp. Corp. Jiangsu Branch
China National Textiles Imp. and Exp. Corp. Jiangsu Garments Branch
China National Light Industrial Products Imp. and Exp. Corp. Jiangsu Branch
China National Arts and Crafts Imp. and Exp. Corp. Jiangsu Branch
China National Cereals, Oils and Foodstuffs Imp. and Exp. Corp. Jiangsu Branch
China National Native Produce and Animal By-products Imp. and Exp. Corp. Jiangsu Branch
China National Machinery Imp. and Exp. Corp. Jiangsu Branch
China National Chemicals Imp. and Exp. Corp. Jiangsu Branch
China National Metals and Minerals Imp. and Exp. Corp. Jiangsu Branch
China National Medicines and Health Products Imp. and Exp. Corp. Jiangsu Branch
China National Arts and Crafts Imp. and Exp. Corp. Jiangsu Ceramics Branch
China Silk Corp. Jiangsu Imp. and Exp. Branch
China National Machinery and Equipment Imp. and Exp. Corp. Jiangsu Branch
China National Packaging Imp. and Exp. Corp. Jiangsu Branch
China Electronics Imp. and Exp. Corp. Jiangsu Branch
Jiangsu Provincial Foreign Trade Corporation
Jiangsu International Advertising Corporation
Jiangsu International Trust and Investment Corporation
China Jiangsu International Economic and Technical Co-operation Corp.

Address: Jining Hotel, Nanjing, China

Jiangsu International Exhibition Hall, Nanjing, China

Telephone: 25918 for Imp. and Exp. Business
26905 (for Economic and Technical Cooperation Projects)
Telex: 34023 ETCNJ CN

Guests in Hong Kong and Macao, please contact our agent:

ZHANG SHAN COMPANY LTD
45/F China Resources Building
26 Harbour Road, Wanchai, Hong Kong
Tel: 5-832968 - Telex: 89699 ZHOSA HX

NO OTHER AIRLINE TO MIAMI GIVES YOU THIS MUCH ROOM.

If you have got business in the USA, you have no business leaving your other half behind.

Because on our route from London/Gatwick to Miami we're offering a deal that is ideal for two.

For flights from now until 31st March, buy a First Class or an Executive Class return ticket and we'll give you another, free.

And where better to mix business with pleasure than the 'Sunshine State'?

The Everglades, Walt Disney World, EPCOT CENTER, The Florida Keys, Sea World, and that's not even a short-list.

In fact, with so much to see, you may be tempted to linger longer.

If so, you will want to take advantage



of the other special offer we have arranged.

A mere £88 each gets you 4 flights, to a choice of 109 destinations throughout the USA and Canada.

Additional flights cost only £25 each and the offer covers travel which commences before the 21st March.

But saving money isn't the only reason to fly Eastern.

Naturally we know Florida best because Miami is our home town.

Not that anyone could ever call us a local airline.

Quite the opposite.

At Eastern we operate a larger fleet than both TWA and Pan Am put together.

And we fly to more cities in more countries in the Americas than any other airline.

Which shows we have a good deal more to offer than just a free seat.



EASTERN
The wings of the Americas

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantime, London PS4. Telex: 8954871
Telephone: 01-248 8000

Saturday February 15 1986

Mr Lawson's opportunity

WITH just over a month to go before Mr Lawson presents his Budget, newspaper readers—and readers of brokers' circles—have been getting a pretty dismal picture of the choices facing him. On the one side, his oil revenues will be up to £5bn less than he was expecting; on the other hand, the Government's standing in the polls is falling almost as fast as the oil price.

1987-88 over two years. This would involve a modest overshoot in the PSBR next year; but this would be a one-shot event. By next year, he would be on track. Provided the City is reassured about long-term trends in borrowing, there would clearly be no difficulty in finding an extra billion or two for just one year.

Indeed, if the arguments were based on pure arithmetic, it would be clear that the Chancellor would have quite a lot of room for manoeuvre. The trouble is that recent rows end revelations have dented confidence in the Government, and Mr Lawson will probably want to err on the cautious side.

However, there is more than one way to skin a cat, according to tradition, and certainly more ways than one to arrive at a reassuring PSBR. There is privatisation, which raises money without borrowing; but this does not inspire much confidence in the City these days.

An accelerated programme does seem to be contemplated, but if the efforts are too strenuous, they are likely to be badly received.

suffer slightly

Then there is robbing Peter to pay Paul. These are two clear candidates for Peter this year: the City, and the motorist. The rumours of a windfall tax brought up in parliament this week by Dr David Owen look highly likely to be true.

The motorist may suffer slightly: the Chancellor will be tempted to take back some of the price fall at the petrol pumps which the crude price fall should make possible.

Finally there is a quite legitimate adjustment which could be made to the economic forecasts which formed the basis of the Autumn Statement. Thanks to the collapse of the oil price cartel, sterling has been marked down to a much more competitive rate against our European and Japanese competitors at a minimal inflationary risk; and thanks to the fact that we have a substantial current account surplus at the moment, any impact effect—the so-called J-curve—can be absorbed without trouble. This should be good both for export orders and for British sales in the home market and correspondingly good for growth and revenues. A mere half percentage point of extra growth would raise non-oil revenues by something like £1bn.

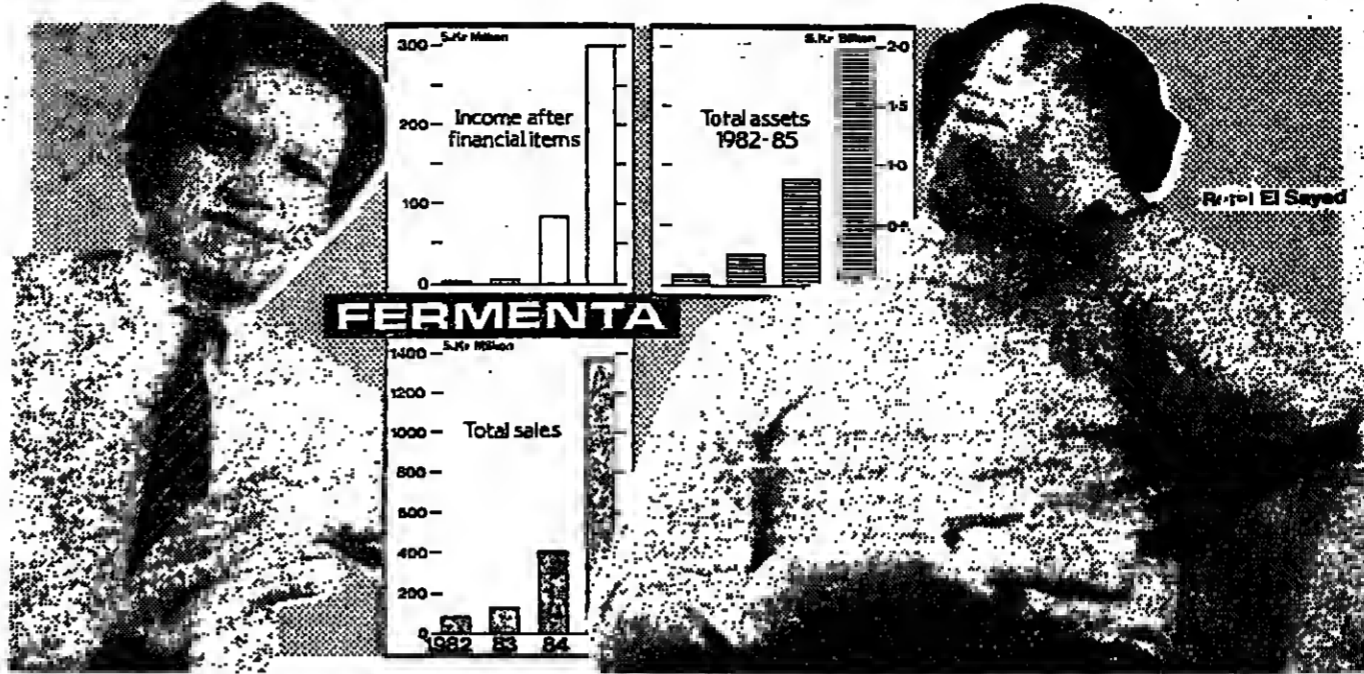
The Chancellor could still, then, offer a modest stimulus in the Budget within Mrs Thatcher's demand for responsible prudence. Mr Lawson's big problem is to maximise the political—and, we hope, the employment—return for every pound disbursed. He is rather good at that.

This means that even if the Chancellor is puritanically strict this year, and maintains his PSBR target unchanged, the scope for tax cuts in future years is not reduced at all. In fact, it would be slightly higher than was projected in the Autumn Statement, since the higher level of non-oil revenues would persist, but the loss of oil revenues would slowly taper off.

However, this also opens out another opportunity. Suppose the Chancellor spreads out the "fiscal adjustment" which would still be permissible in

REFAAT EL-SAYED AND THE FERMENTA CRISIS
A white lie dazzles Sweden

By Kevin Done in Stockholm



El-Sayed sees fermentation as the industrial scale production link between the genetic engineering laboratories and the consumer's final product, which might be human beings, plants or animals. His latest acquisitions have been designed to give Fermenta the springboard into these areas.

The step into animal health and agricultural chemicals has been achieved initially through the takeover in December of SDS Biotech and Vertac in the US, in a deal worth US\$180m, half in cash and half in Fermenta shares.

In finished pharmaceuticals, El-Sayed had already established a small foothold through his takeover of Pietrel in Italy at the end of 1984. Now, in his boldest move to date, he is in the midst of taking Fermenta into a totally new league with the help of Volvo, the largest industrial corporation in Scandinavia.

Fermenta has already taken stakes in two small genetic engineering companies, Amgen in the US and Kabiogen in Sweden, and another acquisition in this field is under discussion in the US as is an expansion in the enzymes field in Europe.

The problem now facing El-Sayed is whether the disclosures about his missing academic background have undermined confidence in the most important currency he has had for his deal-making, Fermenta share price.

His move for Pharmacia had already sparked sharp criticism in both the UK and the US, where El-Sayed has met the greatest scepticism. Analysts and investors have complained increasingly that the pace of Fermenta's expansion has made it impossible to analyse. "Getting information about Fermenta is like buying a jigsaw puzzle off a piece at a time," complained one leading Swedish institution recently.

Mr Jeffrey Friedman, managing director of the US Dreyfus growth opportunity fund, told Swedish analysts that Fermenta's planned purchase of a controlling stake in Pharmacia had come as a shock in the US. It would take a long time to convince investors that Fermenta—which he characterised as "an aggressive, cost-cutting, cut-throat, maximising operator"—was not "out to milk" Pharmacia technology.

When Pharm. Gyllenhammar announced Volvo's strategic link with Fermenta last month, he said that Volvo would legitimise Fermenta in a new way and would "take responsibility if anything goes wrong." He can hardly have feared that his help might be needed so soon, and it can be asked what damage Volvo's own reputation will suffer. The Volvo backing could prove crucial now. As Bo Hermansson, Fermenta's deputy managing director said a couple of weeks ago about Fermenta's new financial backing: "When the sun is shining everyone will give you an umbrella. When it starts raining, they want them back."

this, but the question is, does it count or not. Perhaps I have to resign, but I have the backing of the board, they want me to stay. I don't know what the consequences will be. I have to stand for it morally. I think we will work it out, we will fight for it."

It will be a considerable struggle. The donors and sceptics have waited long enough for a sign of weakness. The development of Fermenta and the irresistible rise and rise of Refaat El-Sayed appeared too good to be true. When the blow to El-Sayed's credibility came, however, it emerged from an unlikely quarter.

Bjorn Gillberg is something of an eccentric environmental activist. He came to national prominence at the beginning of the 1970s when, as a government scientist researching carcinogenic agents in food, he went on television to wash his shirts in a coffee creaming powder to show the substance in question had more in common with detergent than cream.

Gillberg runs the Environment Centre in the university town of Uppsala north of Stockholm, where he and his colleagues specialise in bringing industrial corporations to "order" to force them to comply with the country's strict environmental laws.

One of the centre's latest targets has been Fermenta and its fermentation plant on the shores of Lake Malaren close to Stockholm. The centre has already started a pollution case against Fermenta, but as ill luck for El-Sayed would have it, Gillberg had another ace up his sleeve.

In the early 1970s Gillberg claims to have been one of the first people to give El-Sayed a job when he was a poor microbiology student in Uppsala, employing him in his laboratory to do research.

"I knew him as a student who never passed any exams, but I read in articles about him

that he called himself Doctor. When he was in the US, he got a PhD from Uppsala, and interviewed here, that he had a doctorate from the University of California."

Gillberg checked with the registrar's records in California and on Wednesday the centre's newspaper, Environment and Future, let the cat out of the bag. For 24 hours El-Sayed tried to ride out the storm, claiming that he had proof of his qualifications in a box in his cellar at home.

Members of his board rallied to his support when the first accusations came out. One of El-Sayed's many impressive achievements in the last five years has been to gather a board of Fermenta with some heavy names from Swedish industry, including Gosta Bystedt, managing director of Electrolux, Ove Sundberg, formerly managing director of Kemnabel and Ulf Widengren, managing director of Astra.

Bystedt was asked by Svenska Dagbladet, one of the capital's main morning papers: "Has El-Sayed passed any exams?" "I am not thinking of looking into the question at all," he replied. "The thing has got nothing to do with what happens in Fermenta now."

"Does this damage Fermenta?" came the next question. "I don't care about this at all. Sweden will get its punishment if the country has such an attitude. This is just as bad as if someone should ask Bjorn Borg if he has read his instruction book in tennis."

Less than 24 hours later, Refaat El-Sayed bowed to the irresistible pressure and admitted that his claims of academic qualifications had been faked. In an information memorandum issued in London in July last year in connection with the SKR 210m private placement of 625,000 Fermenta shares, it is stated that he came to Sweden to study microbiology at Uppsala University, "where he obtained his masters in 1965. In 1971, he took sabbatical leave from Upp-

sa as an exchange research assistant at Davis University in California. In 1973 he obtained his doctorate and returned to Sweden."

On Thursday night the facade cracked: El-Sayed admitted in his statement seeking pardon: "I have no doctorate, neither in Uppsala nor in the USA. Those are white lies from the years when I had to chase my daily bread as a consultant. They have lived on. First because nobody cared about them. Then because of routine and I did not have the power to kill them off. Afterwards because I did not think they played an important role any more."

In Sweden, Refaat El-Sayed has caught the public imagination like few before him. Swedish television made him man of the year. He has shown that even in the Social Democratic paradise of Sweden, someone—and an immigrant at that—can come from nowhere, turn over the entrenched business establishment and in the space of five years build a fortune that has made him virtually the richest man in the country. Before the Fermenta share price began to plunge on Thursday and Friday, he was worth about SKR 5.5bn.

El-Sayed clearly feels that degree or no, nobody can take away his achievement in dreaming up a strategy for powerful and profitable growth in the biotechnology and chemicals industry and putting it into effect starting from scratch.

Much of the ballyhoo created around Fermenta has come from the magic word biotechnology, which has both helped to drive along the share price but also to obscure somewhat the markets in which the company has been operating. Up to its head for control of Pharmacia, Fermenta has hardly been operating at the frontiers of new technology.

Its activities have been concentrated in the production of bulk antibiotics, products made through the biotechnological process of fermentation and

sold on to pharmaceutical companies for formulation, packaging and marketing.

Like any other bulk production, the secret of achieving attractive levels of profitability lies in the efficiency of the production process, in economies of scale and in achieving a dominant market position.

Less than 20 per cent of the value of finished pharmaceuticals is in the bulk stage of production. This explains the gap El-Sayed saw in bulk antibiotics. At the end of 1981, he bought up his first fermentation plant from Astra, Sweden's leading pharmaceutical group, for SKR 39m. Astra also signed a long-term contract to buy bulk antibiotics from Fermenta.

El-Sayed brought the same concept to successive deals abroad, taking over fermentation capacity from a company such as Wyeth in the US while at the same time ensuring an outlet for part of the production through a long-term supply contract. Other purchases, chiefly in Italy, have increased Fermenta's fermentation capacity to a position from which it can rival some of the world's leading pharmaceutical groups at this basic, raw material stage of the production chain.

Through further takeovers, Fermenta has managed to integrate itself into other stages in the production chain, although always remaining a hulk manufacturer. It supplies intermediate antibiotics and has added organic chemical technology to biotechnology, allowing it to move into active substances such as semi-synthetic penicillins.

Ultimately, however, El-Sayed has his sights set elsewhere. Discoveries in genetic engineering made during the last two decades promise to open up new horizons for the traditional biotechnology industry, and it is here that El-Sayed has been trying to build Fermenta's future with the production of bulk intermediates through traditional biotechnology generating the cash.

THE ZULUS, South Africa's most numerous black tribe, know a thing or two about military strength and the realities of power. Their Natal home ground is dotted with monuments of past battles against the Boer Voortrekkers and English redcoats.

Today the political heir to the Zulus' proud traditions is Chief Mangosuthu Gatsha Buthelezi, the 57-year-old chief minister of KwaZulu who is directly descended through his mother from King Cetshwayo, last of the independent Zulu kings, and is also president of Inkatha, the in-charge "national council liberation movement" which is the largest organised political party in South Africa.

The child of a traditional Zulu household, he spent his early years herding cattle, then went to school and later Fort Hare university in the Cape where he studied history and Bantu administration. It was there he joined the youth league of the African National Congress and met, among others, Robert Mugabe.

Bearded and bespectacled, the chief's somewhat cherubic appearance and courteous, professorial style belies his 57 years, 33 of them spent as chief of the Buthelezi tribe, a position he takes extremely seriously. In marked contrast to the sober business suits he wears on his frequent overseas visits he proudly dons the traditional leopard skin garb complete with oval leather shield and assegai for ceremonial occasions.

Despite his tribal base, however, Chief Buthelezi is far more than a tribal politician. He is arguably the most controversial figure in South African politics. For the leaders of the African National Congress in exile and the heavily ANC-influenced United Democratic Front (UDF), Chief Buthelezi is the main obstacle in their struggle for the hearts and minds of South Africa's black (including coloured and Asian) majority. They paint him as a dangerous megalomaniac, a symbol of outdated tribal divisiveness and a stooge of Pretoria.

Yet this so-called stooge has probably done more to thwart

Man in the News

Chief Buthelezi
A leader
Pretoria
cannot
ignore

By Anthony Robinson



the "grand apartheid" design of the National Party than any other politician, white or black. He opposed, and still opposes, the homeland concept, though once Pretoria made it clear that the system was going to be enforced anyway, he reluctantly agreed to work within it. He argues that governing KwaZulu provides practical training in administrative skills, which are vital for meaningful black participation in a future non-racial South Africa.

Despite enormous pressure from Pretoria, however, Chief Buthelezi has steadfastly refused to accept "independence" for KwaZulu. This would have deprived the 6m-7m Zulus of their South African citizenship

and brought the apartheid dream of a white South Africa a big stride closer. What is more, Chief Buthelezi, with infinitely greater political pressure than most of "liberal" white South Africa, campaigned tirelessly for a "no" vote in the November 1983 white referendum on the new constitution. He has never ceased to call for the scrapping of the present tricameral parliament which, he argues, further entrenches racial divisions, by excluding the black majority and setting up separate white, coloured and Indian houses.

Since the new constitution came into force, more than 1,100 people, mainly blacks, have died in violence. Clashes between

rival black movements now threaten to spread. Between some there is not only political rivalry but fundamental ideological division. Chief Buthelezi is a staunch defender of the free enterprise, capitalist system. He is in favour of foreign companies applying as much pressure as possible on the Government to scrap apartheid and contributing to the workplace to higher pay, better training and promotion of blacks, but he strongly opposes disinvestment. He argues that it is economic development which has made blacks essential to the South African economy and given them the consumer power and trade union rights which have

increased their ability to challenge apartheid more effectively.

President P. W. Botha's public humiliation of foreign minister Pik Botha last week for raising the possibility of a future black president has dissipated Chief Buthelezi's initial guarded hopes that the Government is prepared to move away from the apartheid deadlock. Without his participation, President Botha's proposed national statutory council is already a dead duck. Since Chief Buthelezi has made clear that apartheid is not negotiable, all that is negotiable is the form of its replacement.

It is here that his views differ significantly from those of the ANC and the UDF. For the ANC, the only alternative to white rule is a unitary state based on one man one vote leading to black majority rule (dominated by the ANC itself).

But Chief Buthelezi recognises the strength of white fears that simple majority rule will lead to the swamping of white and other minorities. Now to the point he recognises that whites, armed to the teeth and in control of all the levers of power, would fight to prevent such an outcome.

Instead, Chief Buthelezi is prepared to accept something less than a straight one man one vote within the context of a federal structure.

Chief Buthelezi's main problem is that the Government's refusal to negotiate seriously with him has done a lot to raise the prestige of his more radical rival, the ANC. Now the Government is considering releasing Nelson Mandela, and by extension, relaxing the ban on the ANC's political wing.

Despite the rivalry between the ANC and Inkatha, however, Chief Buthelezi and Mr Mandela, himself the prince of the rival Xhosa tribe, have continued to correspond with each other on terms of mutual respect. It is not inconceivable that the long-term future of South Africa will be determined not by the present white holders of power but these men who represent two branches of South Africa's main black nationalist tradition.

BASE LENDING RATES

Table listing base lending rates for various banks and financial institutions, including ABN Bank, Allied Dunbar & Co., American Express Bk., Amro Bank, Henry Anshacher, Associates Cap. Corp., Banco de Bilbao, Baok Hapoalim, Bank Leumi (UK), BCCI, Bank of Ireland, Bank of Cyprus, Bank of India, Bank of Scotland, Banque Belge Ltd., Barclays Bank, Beneficial Trust Ltd., Brit. Bank of Mid. East, Brown Shipley, CL Bank Nederland, Canada Permanent, Cayzer Ltd., Cedar Holdings, Charterhouse Japhet, Citibank NA, Citibank Savings, City Merchants Bank, Clydesdale Bank, C. E. Coates & Co. Ltd., Comm. Bk. N. East, Consolidated Credits, Continental Trust Ltd., Co-operative Bank, The Cyprus Popular Bk., Duncan Lawrie, E. T. Trust, Exeter Trust Ltd., Financial & Gen. Sec., First Nat. Fin. Corp., First Nat. Sec. Ltd., Robert Fleming & Co., Robert Fraser & Pira, Grindlays Bank, Guinness Mahon, Hambros Bank, Heritable & Gen. Trust, Hill Samuel, C. Hoare & Co., Hongkong & Shanghai, Johnson Matthey Bkrs., Knowsley & Co. Ltd., Lloyds Bank, Edward Manson & Co., Meghraj & Sons Ltd., Midland Bank, Morgan Grenfell, Mount Credit Corp. Ltd., National Bk. of Kuwait, National Girobank, National Westminster, Northern Bank Ltd., Norwich Gen. Trust, People's Trust, PK Financ. Intl. (UK), Provincial Trust Ltd., R. Raphael & Sons, Roxburghe Guarantees, Royal Bank of Scotland, Royal Trust Co. Canada, Standard Chartered, TCB, Trustee Savings Bank, United Bank of Kuwait, United Mizrahi Bank, Westpac Banking Corp., Yorkshire Laidlaw, and Members of the Accepting Houses Committee.

Handwritten signature or note at the bottom of the page.

Jeil not 150

LONDON'S THEATRES



Stephen Waley-Cohen (left) and Bill Freedman, joint chief executives of Maybox Group

Stage by stage comes a revival

By Antony Thorncroft

LONDON'S West End regains another theatre this month when the Whitehall reopened in its last days under the ownership of Mr Paul Raymond. It had served as the "Theatre of War," a museum of military memorabilia. Mr Raymond sold it a year ago to the Maybox Group which has spent time on restoring it to its original 1930 art deco glory.

In the three years since the Whitehall last entertained an audience, the face of West-End theatre has been transformed, not only by a box-office revival, but by an upheaval in ownership: almost half of them have changed hands.

The new owners, whether freeholders or leaseholders, are identifying much more closely with what happens on stage. Some are the days when West-End theatres were sought out by property speculators: they are now keenly fought over by commercial investors anxious to be part of a flourishing sector of the entertainment industry.

Prospective bidders will almost certainly have a theatrical background. Last month Stoll-Moss paid the Comba Group £1.2m for the Duchess and the Garrick, bringing to ten its chain of West-End theatres, although in terms of seats Stoll-Moss now accounts for almost a third of the West End.

American impresarios, deterred by the exorbitant cost and discouraging returns on Broadway, have also moved on to the West End. It is seen by them as an excellent place to find, and try out, new products.

Two other impresarios who have acquired theatres are Michael Codron, who bought the Vaudeville from Peter Saunders, and Eddie Kukulund, who has an interest in the Ambassadors.

Maybox, headed by producers Bill Freedman and Ian Albery, plus ex-journalist Stephen Waley-Cohen, has taken the lead in maximising the potential. It has installed air conditioning in its five theatres and has a joint sales operation for them.

Stoll-Moss, which is owned by Holmes & Courie, is also steadily improving its auditoria, most recently transforming the bar at the Theatre Royal, Drury Lane, while Michael Codron has revamped the Vaudeville.

What has not changed is the financial deal between theatre owner and producer putting on a show: there never has been a fixed contract and these days the arrangements are more individual than ever.

But with most owners now involved in production, either in initiating a play, as is often the case with Michael Codron or Andrew Lloyd-Webber, or investing in it—the favoured Stoll-Moss approach—there is usually a very close identity of interest between producer and owner.

If a play fails to break even, which usually means an audience of less than 50 per cent, the producer is as reluctant as the theatre owner to keep it on. On the other hand, if there is an obvious reason for its failure to reach

the agreed turnover—bad weather or transport strikes—the owner will often agree to it being nursed through to better times.

This week a lot of nursing will be going on. February is usually a bad month, and the weather this year is making matters worse. The irony is that only four of the theatres are "dark" and three of these have plays planned. The two good years have stimulated considerable interest in the West End stage. Many more people want to be "angels" and there is a queue of about 25 plays waiting for a theatre to become free.

One consequence of the close relationship between producers and owners is that it reduces the opportunities for outsiders to try, and fail.

It is a long time since a theatre owner got rid of a production which was reluctant to leave. It last happened when the Strand changed hands and the play affected had the last laugh: it was No Sex Please We're British, which transferred to the Garrick where it had created a record for the longest running British comedy.

Bill Freedman of Maybox can still sum up the difference between owners and producers as "owners invest in the theatre; producers gamble," but he is quite happy to do both.

The West End theatre is a small club of less than 100 professionals. Even the bands of "angels" are limited; few producers rely on more than 20 regular backers to finance their shows. It is in the interests of all involved to get on well—a theatre owner will not be too tough with an experienced producer because he might need his next play to light up a dark theatre. The ownership of theatres by producers, and the cross-fertilisation of cash, seals the bonds. However, any rich enthusiast will be welcomed into the fold.

First impressions of Israel From carnival to a spirit of collectivism

By Andrew Whitley in Tel Aviv

"Ah, so you're going to Israel," said a Brazilian friend. "That must be because you are now an expert on inflation." After nearly five years in Brazil, during which time the annual inflation rate never strayed below triple digits, I could see his point. In Israel inflation briefly hit 1,000 per cent in 1984 before sanity prevailed.

The first surprise to the newcomer, then, is the extent to which the Peres Government's economic stabilisation programme, launched in near desperation last July, appears to be slowly taking a grip on the public's mind.

Many prices, especially of luxury items, are still quoted in dollars. So are rental contracts. But the inflation fever has abated and a new shake-up of wages and salaries is being treated with greater confidence than its short-lived predecessor.

At first sight, there are certain similarities between Brazil and Israel. Both are young, open societies, informal in social relationships. Both have also successfully absorbed waves of immigrants from diverse parts of the world.

The contrasts, however, are more striking. Compared with the laid-back, carefree Brazilian way of life (optimised in this week's Bacchanalian carnival celebrations), Israel comes across initially as a tense, argumentative society, self-questioning and assertive.

On the other hand, its positive features—highly developed social awareness and collective spirit—are sadly wanting in Brazil, where individualism is all.

Significantly, Israel's very existence is founded on a sense of history, while Brazilians have trouble remembering what happened yesterday.

Day two, and a reminder of history, meeting my first Nazi concentration camp survivor. Coming straight from a country in which the biggest news story of 1985 (for most newspapers) was the discovery of the bones of Josef Mengele, the Auschwitz "angel of death" the encounter is disconcertingly low-key.

A taxi driver (who else?), speaking in German, cheerfully volunteers the information that he was incarcerated in both Auschwitz and Dachau camps. To prove the claim he rolls up his sleeve to reveal the number branded on his arm.

What does one say? That Israel is a society in arms is a commonplace. But what is surprising is the newcomer to the extent to which the presence and dictates of the military pervade every corner of daily life.

Off-duty soldiers in uniform can be seen hitchhiking on main roads or automatic weapons slung across backs, strolling along Dizengoff Street, in the bustling centre of Tel Aviv.

Barbie Glick's husband, Michael, a dentist in "milium"—reserve military duty, a word one quickly learns—just weeks before the Glicks are due to return for a spell to the US. Every adult male up to the age of 55 is required to spend up to 40 days a year in uniform—and few exemptions are granted.

It's what every mother in Israel dreads, says Mrs Glick. Imagine, also, the headaches for company personnel managers, not to mention the productivity losses involved.

Still, it must be a great social leveller, in keeping with the egalitarian ideals of many of the pioneering Zionists, to find one's bank manager doing guard duty outside a public building.

Throughout its 21 years of recently ended military rule Brazil was a far less militaristic society than Israel.

It is noteworthy that Brazil, which has common frontiers with more countries than any other—11 in all—has, through quiet, patient diplomacy, resolved all its past border disputes. For over half a century it has been at peace with its neighbours, in a part of the world notorious for its border disputes. The contrast with Israel, where foreign policy is conducted in a highly vocal (and public) manner and which is currently in the middle of a bitter, government-threatening wrangle with Egypt over a half-mile-long stretch of sand, is striking.

Day three, and parliament (the Knesset) is debating a favourite chestnut: "Who is a Jew?" The religious lobby, very much the driving force in contemporary Israel, is trying for the eighth time to pass an amendment to the "Law of Return"—a foundation-stone of the state—to restrict immigrant entry to those who meet the approval of the ultra-orthodox rabbis.

The issue is serious, reflecting the constant tension between secular and religious forces. Once again, the bill goes down, and the non-kosher restaurant owners, the managers of soft-porn cinemas and the few remaining secular kibbutzim can breathe again. They know they will be next in the firing line.

"Government's don't fall in Israel over foreign policy matters," I was reminded by a Foreign Ministry official. "There is a consensus among 90 per cent of the population over such matters as correct religious observance."

Meanwhile, the effects of the sharp budget cutbacks and credit squeeze at the heart of the coalition National Unity Government's austerity programme are starkly visible in stores of unfinished buildings and idle areas.

In their more self-confident, pre-recession days, Brazilian officials used to boast that theirs was a "developed country under construction." Israel, much the richer of the two, when measured in terms of per capita income though not in natural resources, looks, at times, more like an "underdeveloped construction site."

Brazilians, perhaps the daily greetings tell their own story about these two, very different countries. In Brazil one hears a cheery "Tudo bem?"—everything well?—to which the reply is an automatic "Tudo bem."

In Israel it is the more sober "Shalom"—peace. At a bar on the Tel Aviv waterfront the other night, over and over again, they were playing the John Lennon song whose chorus goes, "All we are saying is, give peace a chance." Amen.

Personal tax reforms

From Miss F. Jarvis. Sir—I beg to differ from the views expressed in your article of February 8, that the present "regime of household taxation is dotty" and requires reform. Perhaps the mere fact that no one can agree on a better system is testimony to its fairness.

Letters to the Editor

was written. I gave my reason for guessing early or mid 1590s. I wasn't aware Eric Sams is a doctor and I apologise for my unintended discourtesy.

Consumer pressure

From Mr S. Gregory. Sir—The proposed privatisation of water services has interesting implications at the consumer end which do not appear to have been explored.

Conscientious teachers

From Mr J. Coombe. Sir—I read Mr Miller's letter (February 11) with much sympathy and share his misgivings over the teaching "profession."

Taxing land values

From Mr H. Law. Sir—It was indeed encouraging to read Anthony Harris (February 3) pointing out the wisdom of a property tax based on land values.

The school strike

From Mr L. Oliver. Sir—On the subject of the teachers' pay dispute, C. B. Miller (February 11) sets up a couple of easily demolished Aunt Sallies, generalises from the particular, and confuses and

Pension options

From Mr H. Wolanski. Sir—Eric Short clearly spelled out the pension options available to employees who change jobs in his article "Think carefully before you act" (February 8).

Manufacturing industry

From Mr R. Ledingham. Sir—Surely, Professor Maynard's statement (February 4), that "The less manufactured exports can be expanded, the more manufactured imports will have to be restrained by accepting lower GDP growth," is fundamentally flawed.

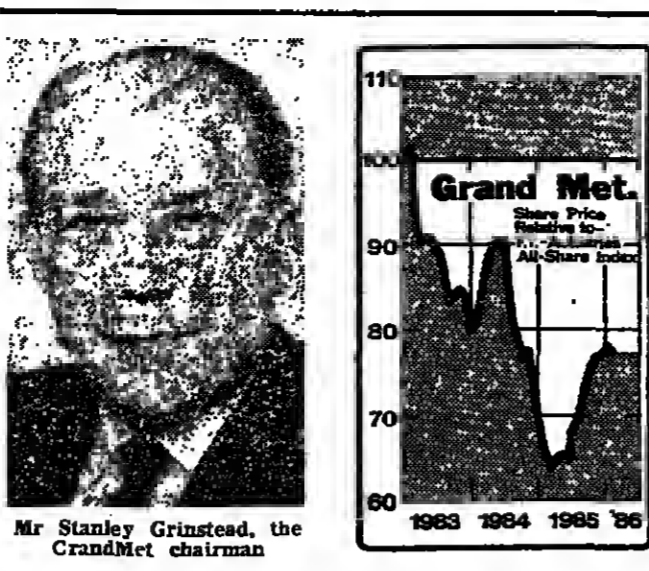
Table with columns: Building Society Name, Share, Sub, Other, and various interest rate details. Includes societies like Abbey National, Alliance and Leicester, Anglia, Barmley, Bradford and Bingley, Bristol and West, Britanna, Cardiff, Catholic, Century (Edinburgh), Chelsea, Chesham and Gloucester, Chestnut, City of London (The), Coventry, Darbyshire, Fyfe Wood, Gateway, Greenwich, Guardian, Halifax, Heart of England, Hensel Hempstead, Hendon, Hinkley and Rugby, Lambeth, Leamington Spa, Leeds and Holfbeck, Leeds Permanent, London Permanent, Midlands, Mornington, National Counties, National and Provincial, Nationwide, Newcastle, Northern Rock, Norwich, Peabody, Peterborough, Portsmouth, Portsmouth, Property Owners, Regency, Scarborough, Skipton, Stroud, Sussex County, Thrift, Town and Country, Waverley, Woolwich, Yorkshire.

UK COMPANY NEWS

GrandMet shares fall on US results

BY TERRY POVEY

Grand Metropolitan has announced a sharp fall in operating profits at its US subsidiary for the three months to end December. With almost a quarter of group sales, GrandMet USA's operating income has fallen to \$19.6m (£13.5m) from \$32.5m in the same period of 1988.



Mr Stanley Grinstead, the GrandMet chairman

Mr Stanley Grinstead, GrandMet's chairman, said that year-on-year comparisons were not yet meaningful. US merger accounting required that stocks be written up and goodwill written off at the moment of the purchase, he said.

Harvard boosts cash alternative for United

By David Goodhart

Harvard Securities, the licensed dealer in securities, yesterday increased the cash alternative part of its offer for United Computers Technology, the investment trust.

Memcom sales collapse midway

By LIONEL BARBER

Memcom International Holdings, the USM-listed electronic filing systems manufacturer, yesterday declared an interim pre-tax loss of £1.5m on sales of £97.6m, a 21 per cent fall.

The shares stood at 200p. Mr Keith Whitte, a part-time non-executive chairman appointed three months ago in a board shake-up, attempted to explain the group's poor results in a meeting in London attended by about 50 shareholders.

Suter is UKO suitor and wants to bid

By Charles Batchelor

Suter, the acquisitive engineering group headed by Mr David Abel, emerged yesterday as the prospective bidder for UKO International, the oilfield maintenance and specialist frame manufacturer.

Weir's Yarrow bid fails with only 12% acceptances

BY MARTIN DICKSON

Weir Group, the engineering company, yesterday failed in its £20m takeover bid for Yarrow, its Glasgow neighbour.

Yarrow, which held 23.2 per cent stakes in Yarrow before launching its offer, only managed to secure 12 per cent of the equity, lifting its tally to 39.9 per cent by yesterday afternoon, the final close.

Triton Europe leaps to £11.6m

Triton Europe, formerly known as Incent Energy Holdings, hoisted pre-tax profits from £2.12m to £11.6m for the half year ended November 30 1988.

Revenue for the six months soared from £4.67m to £18.9m, and after deducting £7.04m (£1.3m) for cost of sales, gross profits were up from £3.34m to £11.55m.

Riley Leisure makes £4m disposal

Riley Leisure, the stonker and hillside equipment maker, is selling Powersport Corp, its fitness training subsidiary, to Jaas Oglenda, a Norwegian group, for £4m cash.

received a management fee of £50,000 and an interim dividend of £140,000 from Powersport in respect of 1988 and a further £199,000 is due in October.

Coloroll stake in Staffs. Potteries

Coloroll Group, the designer and manufacturer of wall-coverings and soft furnishings, has built up an 8.5 per cent stake in Staffordshire Potteries (Holdings) in a move which may lead to a full bid being made.

Kennedy Brookes rises 66%

Kennedy Brookes, the expanding restaurant and leisure group, reported a 66 per cent increase in pre-tax profits on turnover 53 per cent higher in the year to October 27 1988.

The tax charge was £790,000 against £456,000 last time when there was an extraordinary debit of £71,000.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

Table with columns for EQUITY GROUPS & SUB-SECTIONS, Fri Feb 14 1986, and Highs and Lows Index. It lists various sectors like CAPITAL GROUPS, INDUSTRIAL GROUPS, and FT-SE 100 SHARE INDEX with their respective index values and percentage changes.

FIXED INTEREST

Table showing AVERAGE GROSS RECEIPTION YIELDS for various fixed interest instruments like British Government, Local Government, and Overseas. It includes columns for Price Indices, Yields, and Maturity Dates.

Table listing Equity sections or groups with their respective Base values and Base dates. Includes sectors like Telephone Networks, Electronics, and Industrial Materials.

Wellcome at 40p premium after first day

Shares in Wellcome, the international drugs group, got off to a strong start when the stock exchange this morning opened at 160p, 40p above the issue price.

Tilbury in agreed £9m offer for West's Group

Tilbury, the construction group, last night announced an agreed £9.25m cash bid for West's Group International, the piping and maintaining contractor.

McCorquodale expands its packaging interests

McCorquodale, the printing and packaging group, yesterday released details of its acquisition of E. W. Chapman, a specialist packaging business, for which it has paid £5.5m in cash.

Second Alliance

Second Alliance Trust's net asset value at January 31 1988 was a new high of 782p, a rise of 18 per cent on the 672p six months earlier and up from the 754.7p on the same date last year.

Bell Group has 92% of First Castle

Bell Group International, has increased its holding in First Castle Electronics to 2.3m shares, or 9.5 per cent. On the assumption that Bell share offer for First Castle from Morgan Crucible, its stake in the bidder will be almost 11 per cent of the expanded group.

Dividends Announced

Table listing Dividends Announced with columns for Company Name, Current payment, Date of payment, and Total amount. Includes companies like Cranbrook Elect, Ewart North Northern Int, and Glasgow Stockholders.

Crowther purchases Asda-MFI offshoot

John Crowther Group, the Huddersfield-based textile company, is paying £1.6m in shares for Rosenda (Blackburn), a childrenswear manufacturer, a wholly owned subsidiary part of Asda MFI Group.

Wellcome at 40p premium after first day

Shares in Wellcome, the international drugs group, got off to a strong start when the stock exchange this morning opened at 160p, 40p above the issue price.

McCorquodale expands its packaging interests

McCorquodale, the printing and packaging group, yesterday released details of its acquisition of E. W. Chapman, a specialist packaging business, for which it has paid £5.5m in cash.

Second Alliance

Second Alliance Trust's net asset value at January 31 1988 was a new high of 782p, a rise of 18 per cent on the 672p six months earlier and up from the 754.7p on the same date last year.

Handwritten signature or scribble at the bottom of the page.

Strauss prepared to sell 24% stake in MBB

BY PETER BRUCE IN BONN
THE BAVARIAN Premier, Mr. Franz Josef Strauss, said yesterday his state would be prepared to surrender its 24 per cent stake in Messerschmitt-Bolkow-Humboldt (MBB), West Germany's biggest aerospace group...

Goodrich plunges into \$354.6m deficit

By Terry Dodsworth in New York
B. F. GOODRICH, the US group which is amalgamating its tyre interests with those of Uniroyal, was hit by losses of \$354.6m last year as a result of closures in its plastics and industrial divisions...

Toyota Motor held back by adverse exchange rate

BY YOKO SHIBATA IN TOKYO
TOYOTA MOTOR, Japan's largest car manufacturer, managed a 1.3 per cent rise in pre-tax profits to ¥290.38bn (\$1.59bn) in the half-year to December, held back by an adverse exchange rate...

KLSE to amend rules for brokers

By Wong Sulong in Kuala Lumpur
THE KUALA LUMPUR Stock Exchange (KLSE) is proposing a controversial amendment to its rules to allow the termination of membership of stockbrokers who refuse to guarantee the proposed \$8m ringgit (\$32.6m) lifeboat facility...

\$557m deal by Combined International

By Our Financial Staff
COMBINED International, the Chicago-based accident, health and life insurance group, has agreed to buy Life Insurance Company of Virginia from KMI Continental, a unit of Peter Kiewit Sons, for \$557m in cash...

Contrasting final quarters for top US toy groups

BY OUR FINANCIAL STAFF
HASBRO and Mattel, two of the largest US toy manufacturers, have recorded improved 1985 results. Both companies produced best selling toys in the UK and US with Hasbro's Transformers toy range topping the UK best-selling list before Christmas...

Fielder Gillespie edges ahead

BY LACHLAN DRUMMOND IN SYDNEY
FIELDER Gillespie Davis, initiator of an A\$1bn (US\$680.4m) three-way merger plan within the Australasian food industry, increased net earnings 8 per cent to A\$37.7m in its half-year to December...

North American quarterlies

Table with columns for GENUINE PARTS, MUSKY OIL ENERGY, OVERSEAS SHIPHOLDING, SOO LINE RAILROAD, HOSPITAL CORP. OF AMERICA, MELVILLE Specialty retailer, PERKIN-ELMER Semiconductor equipment, TAMBRANDS T-shirts. Each company has columns for 1985 and 1984 with sub-columns for Revenue, Net profits, and Net per share.

British Alcan chief executive

BRITISH ALCAN ALUMINIUM has appointed Mr Douglas M. Ritchie as chief executive and managing director. He joined the Alcan Group in 1966 and held a series of sales and general management posts in foil, packaging and wire products...

EUROPEAN OPTIONS EXCHANGE table with columns for Series, Vol., Last, and Stock. Includes sub-tables for Feb, May, Aug, and Sept.

Realignment at Short's

SHORT'S, Belfast, has made a major realignment of management responsibility, following the resignation of Mr D. Head, chief executive, and the appointment of Mr R. W. McNulty as chief executive and deputy managing director...

British Alcan chief executive

BRITISH ALCAN ALUMINIUM has appointed Mr Douglas M. Ritchie as chief executive and managing director. He joined the Alcan Group in 1966 and held a series of sales and general management posts in foil, packaging and wire products...

Top post at Avon Rubber

Mr Anthony Keith Mitchell has succeeded Mr Peter Fisher as chief executive of AVON RUBBER, following the latter's retirement. Mr Mitchell has been a main board director of the company since 1974, responsible for the overall direction of the group's rubber manufacturing activities...

Granville & Co. Limited table with columns for High, Low, Company, Price Change, Gross Yield, Fully P/F. Lists various stocks and their performance.

GRIFFIN METALS, a company formed by Mr Charles Griffin for the recovery of precious and non-ferrous metals, has made its first major appointments: Mr Pointon becomes managing director, while Mr Roger Lambirth and Mr Sandy Smith are made non-executive directors.

Charterhouse Japhet Credit Limited Announces increased mortgage rates with effect from 10th February 1986: No. 1 Rate 14% p.a. No. 2 Rate 13.6% p.a.

THE OPEN GOLF TOURNAMENT 1986 Comfortable historic house with up-to-date accommodation for 16 or 24 for the week or four days, 40 mins from Turnberry. First-class food and service. Enquiries: 022-422 2182

REPUBLIC OF INDONESIA Kuwait Dinars 7,000,000 8 1/2% Bonds due 1991 Option to redeem on 15th July 1986

Dresdner Finance B.V. Amsterdam DM 500,000,000 Floating Rate Notes 1985/1990

Dresdner Bank Algenesellschaft Principal Paying Agent Dresdner Bank Group

LONDON TRADED OPTIONS table with columns for Option, Calls, Puts, and various dates (Apr, July, Oct, Feb, May, Aug, Sept).

WORLD STOCK MARKETS

NEW YORK

Table of New York stock market data including various stock prices and indices.

STOCK

Table of international stock market data for various countries.

WALL STREET

Up again on economic reports. THE UPWARD trend made further headway on Wall Street yesterday...

HONG KONG

Sharply higher in active trading, aided by a resurgence of buying interest among institutions...

GERMANY

German shares closed mostly lower after thin trading, with losses due to lack of buyers...

AUSTRALIA

Share prices eased as the market paused for breath after a week of record volume and profit-taking...

SPAIN

Some blue chips rose on buying support from Singapore. Airbus rising 10 cents to \$56.05 on a turnover of 2.8m units.

CANADA

Closing prices for North America were not available for this edition.

CANADA

Table of Canadian stock market data.

AUSTRIA

Table of Austrian stock market data.

GERMANY

Table of German stock market data.

NORWAY

Table of Norwegian stock market data.

AUSTRALIA (continued)

Table of Australian stock market data.

JAPAN (continued)

Table of Japanese stock market data.

NEW YORK INDICES

Table of New York stock market indices.

NEW YORK INDICES

Table of international stock market indices.

NEW YORK INDICES

Table of international stock market indices.

HONG KONG

Table of Hong Kong stock market data.

GERMANY

Table of German stock market data.

AUSTRALIA

Table of Australian stock market data.

SPAIN

Table of Spanish stock market data.

SWITZERLAND

Table of Swiss stock market data.

NETS

NOTES—Prices on this page are as quoted on the individual exchanges and are subject to change without notice.

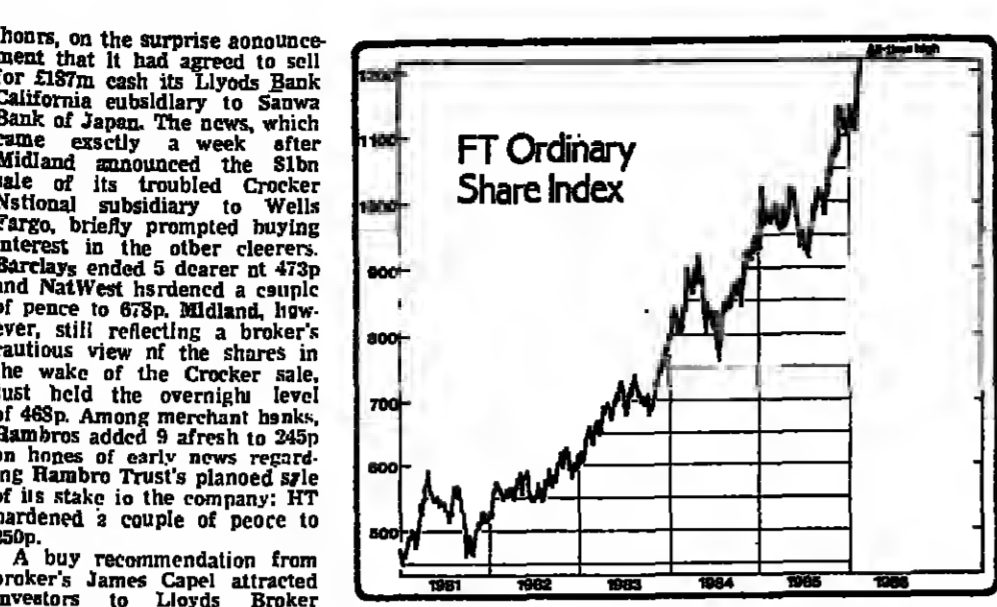
Handwritten signature or note at the bottom of the page.

Wellcome steals the limelight as index closes at record for sixth time in seven sessions

Account Dealing Dates

Wellcome's announcement... The market in Government bonds... The market in equities...

FT Ordinary Share Index



reflecting fading hopes of tax cuts in the forthcoming Budget... The market in Government bonds... The market in equities...

Combined English good... ICI remained a firm market and touched 58p prior to closing 5 higher at 57p...

Trust following the OTT's decision to refer the bid to the Monopolies Commission

Trust following the OTT's decision to refer the bid to the Monopolies Commission... Imperial Group bartered a penny more to 281p making a rise of 22 on the week.

Oils quiet

Interest in the oil sector was at a low ebb despite a firmer trend in North Sea oil prices... BP eased a shade to 549p...

Gold lower

South African sectors of mining markets were unsettled by the further decline in the bullion price which dropped to \$322.75...

Beecham up

Down to 35p initially, Beecham rallied sharply to close 11 dearer at 46p amid a revival of bid speculation...

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS. Table listing various international issues with their respective dates and amounts.

CORPORATION & COUNTY. Table listing various corporate and county issues with their respective dates and amounts.

UK PUBLIC BONDS. Table listing various UK public bonds with their respective dates and amounts.

COMMONWEALTH GOVT. Table listing various Commonwealth government issues with their respective dates and amounts.

BANKS DISCOUNT. Table listing various bank discount issues with their respective dates and amounts.

BRITISH FUNDS. Table listing various British funds with their respective dates and amounts.

AMERICAN FUNDS. Table listing various American funds with their respective dates and amounts.

NEW HIGHS AND LOWS FOR 1985/86. Table listing new highs and lows for 1985/86.

RISES AND FALLS YESTERDAY. Table listing rises and falls yesterday.

YESTERDAY'S ACTIVE STOCKS. Table listing yesterday's active stocks.

THURSDAY'S ACTIVE STOCKS. Table listing Thursday's active stocks.

5-DAY ACTIVE STOCKS. Table listing 5-day active stocks.

FINANCIAL TIMES STOCK INDICES. Table showing various stock indices and their values.

HIGHS AND LOWS. Table showing high and low values for various stocks.

TRADITIONAL OPTIONS. Table showing traditional options and their values.

LEADERS AND LAGGARDS. Table showing leaders and laggards in the market.

RECENT ISSUES

Table listing recent issues with their respective dates and amounts.

FIXED INTEREST STOCKS. Table listing fixed interest stocks.

RIGHTS OFFERS. Table listing rights offers.

Table listing various stock data and prices.

Table listing various stock data and prices.

NEW HIGHS AND LOWS FOR 1985/86

Table listing new highs and lows for 1985/86.

RISES AND FALLS YESTERDAY. Table listing rises and falls yesterday.

YESTERDAY'S ACTIVE STOCKS. Table listing yesterday's active stocks.

THURSDAY'S ACTIVE STOCKS. Table listing Thursday's active stocks.

5-DAY ACTIVE STOCKS. Table listing 5-day active stocks.

COMMERICAL INDUSTRIAL

Table listing commercial industrial issues.

Table listing various stock data and prices.

Table listing various stock data and prices.

Table listing various stock data and prices.

Table listing various stock data and prices.

Handwritten text at the bottom of the page.

INSURANCE, OVERSEAS & MONEY FUNDS

Table of insurance and overseas funds including Sun Life, Swiss Life, and various international investment funds.

Main table of money funds including various international, domestic, and specialty funds such as the English Trust Group, Equity & Law International Fund, and many others.

Table of money market bank accounts and traditional options, including various bank accounts and 3-month call rates.

Handwritten Arabic text at the bottom of the page.

AUTHORISED UNIT TRUSTS & INSURANCES

Table listing various unit trusts and insurance products, including names like 'Stewart Unit Trust Mgrs Ltd', 'Pearl Trust Managers Ltd', and 'British National Life Assurance Co Ltd'. Each entry includes a brief description and numerical data.

Table listing various unit trusts and insurance products, including names like 'Allied Dunbar Assurance Plc', 'Continental Life Insurance Plc', 'Annuity General SQA', and 'Credit & Commerce Life Ass. Ltd'. Each entry includes a brief description and numerical data.

Table listing various unit trusts and insurance products, including names like 'Manufacturers Life Insurance Co', 'National Mutual Life Assurance Ltd', and 'Imperial Life Assurance Co Ltd'. Each entry includes a brief description and numerical data.

Handwritten signature or mark at the bottom center of the page.

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Service. Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talcott system.

Woolpack (London) 74p/84c 1988-91 67 (11/2)
Woolpack Pharmaceuticals 50p 87 (11/2)
Woolpack 50p 87 (11/2)

Woolpack 50p 87 (11/2)
Woolpack 50p 87 (11/2)
Woolpack 50p 87 (11/2)

Woolpack 50p 87 (11/2)
Woolpack 50p 87 (11/2)
Woolpack 50p 87 (11/2)

Woolpack 50p 87 (11/2)
Woolpack 50p 87 (11/2)
Woolpack 50p 87 (11/2)

Woolpack 50p 87 (11/2)
Woolpack 50p 87 (11/2)
Woolpack 50p 87 (11/2)

Woolpack 50p 87 (11/2)
Woolpack 50p 87 (11/2)
Woolpack 50p 87 (11/2)

Woolpack 50p 87 (11/2)
Woolpack 50p 87 (11/2)
Woolpack 50p 87 (11/2)

Woolpack 50p 87 (11/2)
Woolpack 50p 87 (11/2)
Woolpack 50p 87 (11/2)

they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.
* Bargains at special prices. * Bargains done the previous day. * Bargains done with non-member or executed in overseas markets.

UNIT TRUSTS
Mines-Miscellaneous
Anglo Am Invest 99.501 642s 60p/1

Anglo Am Invest 99.501 642s 60p/1
Anglo Am Invest 99.501 642s 60p/1

Anglo Am Invest 99.501 642s 60p/1
Anglo Am Invest 99.501 642s 60p/1

Anglo Am Invest 99.501 642s 60p/1
Anglo Am Invest 99.501 642s 60p/1

Anglo Am Invest 99.501 642s 60p/1
Anglo Am Invest 99.501 642s 60p/1

Anglo Am Invest 99.501 642s 60p/1
Anglo Am Invest 99.501 642s 60p/1

Anglo Am Invest 99.501 642s 60p/1
Anglo Am Invest 99.501 642s 60p/1

Anglo Am Invest 99.501 642s 60p/1
Anglo Am Invest 99.501 642s 60p/1

AUTHORISED UNIT TRUSTS

Abbey Unit Tr. (a)
Brown Shilley & Co Ltd (a)(k)
Carnegie Unit Trust Managers Ltd (a)(k)

Abbey Unit Tr. (a)
Brown Shilley & Co Ltd (a)(k)
Carnegie Unit Trust Managers Ltd (a)(k)

Abbey Unit Tr. (a)
Brown Shilley & Co Ltd (a)(k)
Carnegie Unit Trust Managers Ltd (a)(k)

Abbey Unit Tr. (a)
Brown Shilley & Co Ltd (a)(k)
Carnegie Unit Trust Managers Ltd (a)(k)

Abbey Unit Tr. (a)
Brown Shilley & Co Ltd (a)(k)
Carnegie Unit Trust Managers Ltd (a)(k)

Abbey Unit Tr. (a)
Brown Shilley & Co Ltd (a)(k)
Carnegie Unit Trust Managers Ltd (a)(k)

Abbey Unit Tr. (a)
Brown Shilley & Co Ltd (a)(k)
Carnegie Unit Trust Managers Ltd (a)(k)

Abbey Unit Tr. (a)
Brown Shilley & Co Ltd (a)(k)
Carnegie Unit Trust Managers Ltd (a)(k)

Abbey Unit Tr. (a)
Brown Shilley & Co Ltd (a)(k)
Carnegie Unit Trust Managers Ltd (a)(k)

Table with multiple columns listing various unit trusts and their performance metrics, including names like 'Abbey Unit Tr.', 'Brown Shilley & Co Ltd', and 'Carnegie Unit Trust Managers Ltd'.

Advertisement for 'EX-SERVICES MENTAL WELFARE SOCIETY' featuring the text 'Perhaps the bravest man I ever knew...' and 'and now, he cannot bear to turn a corner'.

UNITED SECURITIES MARKET
Listed Electronic Components (51) 28 1/2

Dealings for approved companies engaged solely in mineral exploration.

Continued overleaf.

LONDON SHARE SERVICE

Table containing BRITISH FUNDS, AMERICANS - Cont., and AMERICANS. Lists various fund names, stock prices, and performance metrics.

Table containing BUILDING, TIMBER, ROADS - Cont., DRAPERY & STORES - Cont., ELECTRICALS, CHEMICALS, PLASTICS, DRAPERY AND STORES, BEERS, WINES & SPIRITS, and BUILDING, TIMBER, ROADS. Lists various industry-related stock prices and performance metrics.

Table containing ENGINEERING - Continued, INDUSTRIALS - Continued, FOOD, BROCCERIES, ETC, and INDUSTRIALS (Misc.). Lists various industrial and food-related stock prices and performance metrics.

Financial Times Saturday February 15 1968

INDUSTRIALS - Continued

Table of industrial stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, price change, and volume.

LEISURE - Continued

Table of leisure stocks including companies like Leisure, Leisure, Leisure, etc. with columns for stock price, price change, and volume.

PROPERTY - Continued

Table of property stocks including companies like Property, Property, Property, etc. with columns for stock price, price change, and volume.

INVESTMENT TRUSTS - Cont.

Table of investment trusts including companies like Investment Trusts, Investment Trusts, Investment Trusts, etc. with columns for stock price, price change, and volume.

FINANCE, LAND - Cont.

Table of finance and land stocks including companies like Finance, Finance, Finance, etc. with columns for stock price, price change, and volume.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like Motors, Motors, Motors, etc. with columns for stock price, price change, and volume.

Motors and Cycles

Table of motor and cycle stocks including companies like Motors, Motors, Motors, etc. with columns for stock price, price change, and volume.

Commercial Vehicles

Table of commercial vehicle stocks including companies like Commercial Vehicles, Commercial Vehicles, Commercial Vehicles, etc. with columns for stock price, price change, and volume.

Garages and Distributors

Table of garage and distributor stocks including companies like Garages, Garages, Garages, etc. with columns for stock price, price change, and volume.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like Newspapers, Newspapers, Newspapers, etc. with columns for stock price, price change, and volume.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stocks including companies like Paper, Paper, Paper, etc. with columns for stock price, price change, and volume.

SHOES AND LEATHER

Table of shoe and leather stocks including companies like Shoes, Shoes, Shoes, etc. with columns for stock price, price change, and volume.

SOUTH AFRICANS

Table of South African stocks including companies like South Africans, South Africans, South Africans, etc. with columns for stock price, price change, and volume.

TEXTILES

Table of textile stocks including companies like Textiles, Textiles, Textiles, etc. with columns for stock price, price change, and volume.

TBACCO

Table of tobacco stocks including companies like Tobacco, Tobacco, Tobacco, etc. with columns for stock price, price change, and volume.

PROPERTY

Table of property stocks including companies like Property, Property, Property, etc. with columns for stock price, price change, and volume.

Investment Trusts

Table of investment trusts including companies like Investment Trusts, Investment Trusts, Investment Trusts, etc. with columns for stock price, price change, and volume.

FINANCE, LAND, etc.

Table of finance, land, and other stocks including companies like Finance, Finance, Finance, etc. with columns for stock price, price change, and volume.

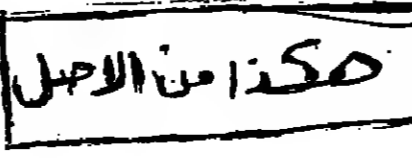
PLANTATIONS

Table of plantation stocks including companies like Plantations, Plantations, Plantations, etc. with columns for stock price, price change, and volume.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like Overseas Traders, Overseas Traders, Overseas Traders, etc. with columns for stock price, price change, and volume.

NOTES: Under the above indicated, prices and net dividends are in pence and denominated in pence. Estimated price/earnings ratios and other ratios are based on latest annual reports and accounts and are subject to audit. Figures are subject to change without notice. The following is a selection of financial and high stocks, the latter being quoted in francs.



REGINALD & IRISH STOCKS: The following is a selection of financial and high stocks, the latter being quoted in francs.

Far West Rand: A list of Far West Rand stocks including companies like Far West Rand, Far West Rand, Far West Rand, etc. with columns for stock price, price change, and volume.

MINES: A list of mine stocks including companies like Mines, Mines, Mines, etc. with columns for stock price, price change, and volume.

Central Rand: A list of Central Rand stocks including companies like Central Rand, Central Rand, Central Rand, etc. with columns for stock price, price change, and volume.

Eastern Rand: A list of Eastern Rand stocks including companies like Eastern Rand, Eastern Rand, Eastern Rand, etc. with columns for stock price, price change, and volume.

Recent Issues and Rights: A list of recent issues and rights including companies like Recent Issues, Recent Issues, Recent Issues, etc. with columns for stock price, price change, and volume.

This service is available to every company that is a stock exchange member for each security.

FINANCIAL TIMES

Saturday February 15 1986

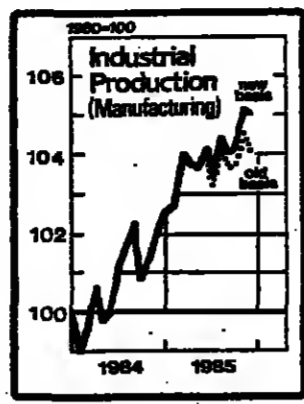
A MOVING EXPERIENCE International Handling and Storage Exhibition NATIONAL EXHIBITION CENTRE BIRMINGHAM 18-21 MARCH 1986

BRITISH FUNDS electronic wire and cable ANIXER Telephone: 01-588 1681 Telex: 291308

UK factory output up 3% last year

BRITAIN'S manufacturing output grew by about 3 per cent in 1985 but the pace of growth showed signs of slackening in the closing months of the year...

Overall industrial production, which was helped by the recovery in coal output after the miners' strike, rose by about 5 per cent over the year...



and by erratic movements in North Sea oil output. In December, for example, the statistical office's index of oil and natural gas extraction dipped by over 10 per cent...

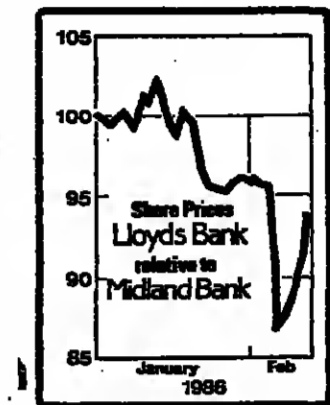
Canadian ministers split over Thyssen tank plant

A PROPOSAL by the West German industrial group Thyssen to build a tank and armoured vehicle plant on Cape Breton Island in Nova Scotia has aroused controversy in the Canadian Government.

No Valentines from the OFT

The disappearance of the Guinness bid into the howls of the Monopolies Commission more or less seals the fate of Distillers. Even if a flag were raised over Guinness House...

Index rose 6.3 to 1,218.8



obvious implications for consumer spending seem scarcely to have been considered. Although the market seems inclined to look for the good news and not the bad, the recent rise has been characterised by spiky movements in second-line stocks and sectors.

Sanwa/Lloyds

Selling the Californian retail subsidiary is obviously the way that clearing banks executives now prefer to end the working week. Following the example set by Midland last weekend, Lloyds has struck a £187m deal which rids it of a commitment to the West Coast which must have caused just as much anguish...

Strike call by Ford's white-collar unions

FORD'S white-collar unions are recommending members to vote for a strike in a return of tactics used by Ford's manual unions last month. It is believed to be unprecedented for the company's white-collar unions to urge a strike over a national pay claim.

The unions, which negotiate for about 10,000 Ford salaried staff, including foremen, clerks and computer workers, are to hold meetings of members next week, followed by a secret ballot on strike action in line with the Trade Union Act 1984.

The unions have rejected a two-year deal which Ford described as "final". In the first year, the offer is for 5 1/2 per cent, plus the consolidation of a weekly attendance supplement and an improved holiday bonus.

The unions argue that differentials between groups like foremen and the workers they supervise will be squeezed. They also say that foremen will have to change working practices because of the manual workers' settlement, but will get no extra pay for doing so.

Mr John Chowat, divisional officer of the Association of Scientific, Technical and Managerial Staffs, said: "Feelings are running very high, particularly in the assembly plants."

Fermenta share price drops sharply after chief's admission

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

THE SHARE price of Fermenta, the Swedish biotechnology group, dropped dramatically on the Stockholm stock exchange yesterday in swift reaction to the surprise disclosure that the company's chief executive and majority shareholder Mr Refaat El-Sayed, had given false information to investors about his academic qualifications.

Mr El-Sayed admitted on Thursday night that he had no doctorate from the University of California or master's degree from Uppsala University as often claimed.

The sudden sense of crisis surrounding the company was increased yesterday by a statement from Volvo, Sweden's biggest industrial group, which only five weeks ago announced plans for close co-operation with Fermenta.

Clearly trying to distance itself, Volvo said in a statement: "Volvo today has no shares or other ownership interests in Fermenta. While we await the prospectus on Sonesson, we are naturally following with interest how the Fermenta board and top management reply to the questions that have been raised."

In an announcement in early January which stunned Swedish financial markets, Mr Pehr Gyllenhammar, Volvo's chairman, and Mr El-Sayed revealed that Volvo was planning to open the way for Fermenta to take the lead in the Swedish biotechnology and pharmaceuticals sector.

With Volvo's backing Fermenta announced it was making a SKR 3.23bn bid for Sonesson, a 30 per cent-owned Volvo affiliate and that it would acquire a controlling voting stake in Pharmacia, Sweden's second largest pharmaceuticals company.

The gross value of the deals was more than SKR 4 bn. Fermenta said it planned to consolidate Leo/Ferrosan and Gambio, the Sonesson pharmaceuticals and medical equipment subsidiaries and would sell the engineering activities.

When the deal was announced Mr Gyllenhammar said Volvo backing would "legitimise" Fermenta in a new way and that Volvo would "take responsibility if anything goes wrong."

There were no signs of this support, which in January was closely linked personally with Mr Gyllenhammar, in yesterday's Volvo statement.

caused the shares of several related companies, including Volvo and Pharmacia, to fall. Fermenta suffered the biggest fall in its free shares suggesting that the confidence of foreign investors in particular, had been hit.

The B-free shares dropped to a closing price of SKR 247 from a close on Thursday at SKR 288—a drop of 14 per cent—and reached a low point during the day of SKR 235. The B-restricted shares fell to SKR 246 from SKR 281 on Thursday.

Some dealers speculated that the very sharp fluctuations in trading during the day could lead to an investigation by the authorities. The disclosures about Mr El-Sayed came amid a heated debate in Sweden about stock market ethics and the tighter regulation of stock market trading.

The Fermenta board, chaired by Mr Gosta Bysted, managing director of Electrolux, again stated its 100 per cent backing for Mr El-Sayed, the Egyptian-born entrepreneur who has made the Fermenta share the hottest property on the Stockholm stock market in the last 18 months.

Sweden dazzled, Page 6

Solicitors join barristers in actions over legal aid fees

BY HAZEL DUFFY

SOLICITORS HAVE joined barristers in taking legal action against the Lord Chancellor over the increase in fees paid by the Government for criminal legal aid work.

The decision was made on Thursday by a majority of the 70-member council of the Law Society. Application for leave to seek a judicial review is expected to be made by the Law Society in the High Court next week.

The application by the Bar is also expected to be made next week after a delay caused by the need to prepare the case. For both wings of the legal profession, this is the first time such action has been taken.

slightly different although the two cases will probably run alongside each other. The Law Society had been negotiating with the Lord Chancellor's department for an increase of 26 per cent to 34 per cent in criminal legal aid fees for solicitors.

Lord Halsbarn replied that fees for different types of work should not necessarily be the same. Solicitors admit they do not have recourse to the limited type of industrial action that barristers have, which consists of refusing to handle briefs unless an acceptable fee has been agreed.

But the Law Society predicts that an increasing number of solicitors will simply stop handling criminal legal aid work, unless there is a significant rise in remuneration. Complaints board plan, Page 3

profitability of firms by solicitors earning more than 60 per cent of their fees from this type of work was significantly less than for other fee earners.

Lord Halsbarn said that fees for different types of work should not necessarily be the same. Solicitors admit they do not have recourse to the limited type of industrial action that barristers have, which consists of refusing to handle briefs unless an acceptable fee has been agreed.

But the Law Society predicts that an increasing number of solicitors will simply stop handling criminal legal aid work, unless there is a significant rise in remuneration. Complaints board plan, Page 3

Murdoch Continued from Page 1

the Northampton Mercury would seem to fall into this category, so making the NGA's planned action lawful, the issue was clouded by the fact that one of the plaintiffs in yesterday's contempt case was a company called News International (Supply), which may have been interposed in the contractual structure, and the existence of which may pose a question on the legality of the NGA's planned action.

On hearing of the NGA's announcement News International immediately tried to return to court. Last night lawyers for Times Newspapers made an emergency application in Mr Justice Staughton, the weekend duty judge, in his private rooms at the Law Court, and were given permission to start new proceedings for sequestration for an alleged fresh contempt, the reimposition of the blocking of the supplements.

Lloyds Continued from Page 1

ment will raise \$263m for a business with a net worth of \$181m. Lloyds and Sanwa have signed a letter of intent for Japan's fifth largest bank to acquire the 99.9 per cent interest in Lloyds Bank Call fornia. The remaining interest is owned by 33 small shareholders.

which is thought to be about \$250m. Some \$160m is related to developing countries, particularly Mexico. Mr Brian Pittman, chief executive of Lloyds, said the sale was consistent with the bank's policy of concentrating resources on mainstream activities which could make a significant contribution to group results.

CHIEF PRICE CHANGES YESTERDAY

Table with columns for RISES and FALLS, listing various stocks and their price changes. Includes items like Treas 131nc 1997, Exch 12pc 2013-17, etc.

WORLDWIDE WEATHER

Table showing weather forecasts for various cities including Algiers, Athens, Bombay, Buenos Aires, etc., with columns for Y'day and Y'day m'day.

Poisoned Continued from Page 1

attracted widespread acclaim for its handling of the Chicago poisoning incident, when it recalled 31m Tylenol bottles at a cost of \$100m, introduced a three-tier safety system. This was a box which was stuck down, containing a bottle sealed with aluminium foil and capped with a plastic top which would show any attempt to break it.

The incident comes as a further damaging blow to the New Jersey-based pharmaceuticals group after an astonishing recovery from the Chicago incident. Defying conventional wisdom the company refused to abandon the Tylenol brand-name at that time. It accomplished what is widely regarded as a marketing miracle by restoring the product to the top of the \$1.5bn over-the-counter painkiller market. Tylenol is now estimated to have a market share in the US of 34 per cent.

In twelve months investors have given us \$200,000,000. And we've given them superior yields.

Advertisement for Citifunds. Text: 'In just one year investors have made Citifunds one of the largest offshore money market funds. Why? Because Citifunds is a superior investment for individuals or institutions to whom yield is important...' Includes a line graph showing Citifunds Growth of US\$ Fund from Jan 85 to Dec 85.

Advertisement for Citifunds. Text: 'Send now. Please send me a Citifunds Prospectus which I understand is the sole basis for investment. Private Enquiry Corporate Enquiry'. Includes Citifunds logo and contact information.

WEEKEND FT

MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV

Alain Cass tells how a Pacific idyll succumbed to the dubious benefits of progress... and The Bomb

Tahiti-Polynesia's paradise lost

Tahiti is perhaps the only country in the world where men live without vices, without prejudices, without necessities, without disputes...

SEEN FROM the green peaks that soar above Tahiti, dominating the emerald lagoon below, you might be tempted to imagine that if paradise had changed, it had done so for the better...

Every day, sightseers deliver eager tourists. Light planes then ferry them to spectacular volcanic islands with romantic names like Moorea and Bora Bora...

A stream of bald statistics issued by those who run the overseas territories of French Polynesia tends to feed this image of a Pacific idyll...

However, it is not entirely paradise for some. Thousands of Polynesians, drawn to the capital by the lure of easy money from the French nuclear testing programme at Mururoa...

The arrival of The Bomb, in the shape of the Centre d'Experimentation Pacifique (CEP), in 1965 telescoped a century of change into two decades and has proved a distinctly mixed blessing...

MURUROA is France's laboratory for testing nuclear weapons. More than 2,000 people—half of them military—live on the atoll with its white sandy beaches, palm trees and crystal lagoon...

There is a hospital with 39 beds, two cinemas, a cultural centre, a television and radio station manned by volunteers, and a small industry geared to feeding the population...

France began atmospheric tests on Mururoa in 1966, and underground tests in 1973. These take place at the bottom of wells between 800 and 1,500 metres deep...

With the collapse of French rule in Algeria, however, President Charles de Gaulle moved France's nuclear testing programme from the Sahara desert to the South Pacific...

Vast sums of money were poured into French Polynesia by the Paris Government last year alone, military and civilian investment totalling more than £400m...

The arrival of The Bomb, in the shape of the CEP, in 1965 telescoped a century of change into two decades and has proved a distinctly mixed blessing...

been three or four tests a year under ground.

The French Government claims Mururoa is perfectly safe and poses no real or potential health problems from radio-active fallout...

Laurent Fabius, the French Prime Minister, went to Mururoa last October and, in a bid to defuse international criticism of his country's nuclear testing programme...

Peacellier is a Demi who belongs to the Teurira Taheraas, the ruling party, which is linked closely to France's right-wing Rassemblement pour la République...

However, the bomb also brought many of the West's more notorious vices. The shanty towns of Papeete have spawned delinquency, drugs and crime. Unemployment, virtually unknown a few decades ago, has become a serious problem...

The flood of money that poured into Tahiti pushed up the salaries of a minority to dizzy heights, causing inflation to soar. In a country where a soft drink and hamburger can cost £5, many ordinary Tahitians find it hard to make ends meet...

All the more reason, argues the territory's government, for the area to stay French and avoid the false glitter of independence. The administration claims Tahiti is, for better or worse, a hostage to France's nuclear effort...



the Teurira Taheraas, the ruling party, which is linked closely to France's right-wing Rassemblement pour la République led by Jacques Chirac...

Between them, the two races control the territory's top 40 enterprises including the entire energy and transport sectors which are in private hands...

pendence are, understandably, self-serving. They stand to lose a great deal if the kind of fundamentalist revival of traditional Pacific ways that has swept New Caledonia...

This, however, does not go far enough, say Tahiti's small but entrenched supporters of independence. Jacqui Drollet leads a radical pro-independence Party with three seats in the territory's 30-seat parliament...

Oscar Temaru is the languid mayor of Papeete. His party, the Mana Te Nuanua (Power to the People) stands for an end to nuclear testing from France, independence and a return to traditional Polynesian values...

Temaru has watched the population in his municipality swell from 2,500 before the nuclear tests to more than 23,000 today, bringing problems of housing, alcoholism, petty crime and unemployment...

For now, Temaru and his supporters seem to be in a minority. The vast sums of money poured into French Polynesia over the past two decades have blunted demands for independence...

It would, however, be a mistake for France to take Polynesians for granted. Their sense of hospitality and desire to please conceals a strong sense of identity—and, in the case of the thousands who have been left behind in the race for a better life, growing resentment...

The Long View

Oil: the misplaced hopes and fears

FORECASTING is a funny business. Only 11 weeks ago, this column was discussing a major break in oil prices as a future possibility...

The market, which was being told solemnly before the event that a price collapse would be a disaster second only to the discovery of a new oil field...

Snap judgments of this kind should always be examined with the gravest suspicion; but a conclusion of any kind at this stage would just be another snap judgment...

First, this question of the world boom. The analysis behind this forecast does not exactly explore the deeper reaches of economic theory. It simply says that a fall in the oil price will liberate money to buy other things...

At best, this contains a lot of wishful thinking. The relationship of monetary growth to subsequent incomes is far too weak to support this superstructure of optimism. It might still be plausible if we could regard the collapse of Opec as equivalent to the discovery of a huge new source of oil...

Reports of salvation for the world or disaster for Great Britain seem to be greatly exaggerated, says Anthony Harris. In fact, the UK could even come out of it rather well...



fact, all that has happened is a redistribution of incomes between the owners of oil and those who do not own it. It is more complicated than this, though. It is a fact of experience, elevated into a major theory by Professor Milton Friedman...

adjustments. Some producers, such as ourselves, have large surpluses, and will be able to maintain ours by the skin of our teeth...

Indeed, if we do have a strong world revival, I suspect that future historians will put the cause down to the present export-led boom, rather than to the weak commodity market which has provoked it...

Of course, the stock market is booming again in London, just as it is in New York; yet, according to Business Week, London is not to be gloomy. As producers, we are losers. Perhaps, though, the stock market is much wiser than the commentators. Because analysts must calculate the prospects for individual companies, they are able without even trying to avoid one of the most tempting fallacies in all economies...

from their competitors based elsewhere. The tax regime and the labour market are two of them, but by far the most important is the sterling exchange rate...

The gain, of course, is to competitiveness and to profits; the risk is that rising import prices will prove inflationary. The gain is clear, and reflected in stock market values. The risk is much harder to assess, and there is no consensus among commercial, academic, or even official, forecasters...

If, on the other hand, we were more or less level pegging, then weaker sterling will give both British firms and their foreign competitors headroom to raise prices, and a margin for generous wage settlements. You may notice a paradox here: the gloomier you were about the UK economy before the oil collapse, the more there is to hope and the less to fear from its effects...

CONTENTS

Finance: commission free unit trusts V
Property: a homage to Catalonia X
Travel: Siberia's chilly charm XI
Gardens: a floral heritage XII
Books: Ray Jenkins's Truman XIV
Sport: the Palmer report on cricket XVI
Arts: XIV
Books: XIV
Bridge: X
Chess: VII
Collecting: XII
Gardens: XII
Sport: XVI
Arts: XIV
Books: XIV
Bridge: X
Chess: VII
Collecting: XII
Gardens: XII
Sport: XVI

Advertisement for Target Personal Pension Plan. Includes headline 'If you're about to invest in a pension plan make sure it's the best on the market.' and details of various pension funds like Allied Denbar, Equitable, Confedration Life, Scottish Widows, and Scottish Amicable.

FINANCIAL TIMES

MARKET HIGHLIGHTS OF THE WEEK

Table with columns: Company, Price, Change 1985/86, High, Low. Lists various companies like FT Ordinary Index, Amstrad, Davenport's Brewery, etc.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Table with columns: Company, Bidder, Value of bid, Market price, Price of bid, Value of bid. Lists takeover bids for companies like Aeronite Group, Amstrad, etc.

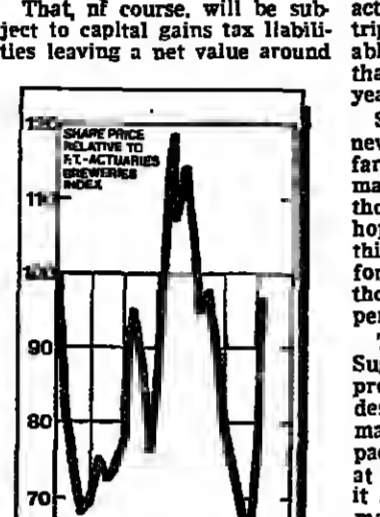
Investors agree: cheap oil is good news for shares

THE EQUITY market is taking an exceptionally sanguine view of the world with the various share price bid conditions put to a rough ahead into higher and higher ground.

Lower energy costs strike an optimistic note for growth from the world economy as a whole and with the help of slightly lower sterling, analysts are currently upgrading their forecasts for corporate profits growth by a couple of percentage points.

London

Haslemere's performance has been unimpressive in the past few years and the success or otherwise of the Dutch attack will turn solely on price.



There is no such debate about the future of Davenport's Brewery. Having bought off a £35m bid from neighbouring Wolverhampton and Dudley, Davenport's has agreed terms with Greenall Whitley for £38.3m.

Corporate activity hits peak

NEVER HAS the USM witnessed more takeover activity in one day than on Wednesday. Two USM companies caught the fancy of outsiders as agreed bids were launched for Aeronite and Rowland Gaunt.

The purchase of Rowland Gaunt by Spang Holdings ends a brief and odd history on the USM. Gaunt, a loss-making women's clothing manufacturer, was previously one of the smallest fully listed companies.

USM UNLISTED SECURITIES MARKET

not just the target companies securing the approval of the market. The £1.2bn of the USM's favourite stock of 1984, has started 1985 in entirely good favour.

The purchases of Finch Parkfield's transformation from a loss-making foundry worth less than £500,000 five years ago into a profitable company now valued at over £19m.

Results due next week

making the difference between profit and loss. Losses at its US subsidiary, Stomberg-Carlson, should be lower in the third quarter, with the company breaking even by the end of the year.

The City expects £190m for the year as a whole, which should enable Richard Giordano, BOC's chairman, to cling onto his laurels as Britain's highest paid executive.

BP set to report 20% profits rise

CRUDE OIL prices are taking a battering but BP looks set to report a net profit of 20 per cent rise in net profits for 1984. The City will be looking for a 20 per cent rise in net profits for 1984.

CRUDE OIL prices are taking a battering but BP looks set to report a net profit of 20 per cent rise in net profits for 1984. The City will be looking for a 20 per cent rise in net profits for 1984.

INTERIM STATEMENTS

Table with columns: Company, Half-year, Pre-tax profit, Interim dividends. Lists interim statements for companies like African Lakes, Allied Arab Bank, etc.

Table with columns: Company, Half-year, Pre-tax profit, Interim dividends. Lists interim statements for companies like Abaco, Access Sat, etc.

RIGHTS ISSUES

Meggitt Holdings—To raise £10.9m through a one for three rights issue at 94p.

Thorpeac—To raise £2.5m through a rights issue on the basis of one 7 1/2 per cent convertible cumulative preference share of £1 at par for every four ordinary shares held.

CRUDE OIL prices are taking a battering but BP looks set to report a net profit of 20 per cent rise in net profits for 1984. The City will be looking for a 20 per cent rise in net profits for 1984.

CRUDE OIL prices are taking a battering but BP looks set to report a net profit of 20 per cent rise in net profits for 1984. The City will be looking for a 20 per cent rise in net profits for 1984.

CRUDE OIL prices are taking a battering but BP looks set to report a net profit of 20 per cent rise in net profits for 1984. The City will be looking for a 20 per cent rise in net profits for 1984.

CRUDE OIL prices are taking a battering but BP looks set to report a net profit of 20 per cent rise in net profits for 1984. The City will be looking for a 20 per cent rise in net profits for 1984.

CRUDE OIL prices are taking a battering but BP looks set to report a net profit of 20 per cent rise in net profits for 1984. The City will be looking for a 20 per cent rise in net profits for 1984.

CRUDE OIL prices are taking a battering but BP looks set to report a net profit of 20 per cent rise in net profits for 1984. The City will be looking for a 20 per cent rise in net profits for 1984.

CRUDE OIL prices are taking a battering but BP looks set to report a net profit of 20 per cent rise in net profits for 1984. The City will be looking for a 20 per cent rise in net profits for 1984.

CRUDE OIL prices are taking a battering but BP looks set to report a net profit of 20 per cent rise in net profits for 1984. The City will be looking for a 20 per cent rise in net profits for 1984.

Table titled 'INTEREST RATES: WHAT YOU GET FOR YOUR MONEY' showing rates for clearing banks, building societies, and government stocks.

Table titled 'FINANCIAL DIVIDENDS' listing companies and their dividend dates and amounts.

Table titled 'FINANCIAL DIVIDENDS' listing companies and their dividend dates and amounts.

Advertisement for 'A FINANCIAL TIMES SURVEY MERSEYSIDE' for Monday, May 12, 1986, featuring an introduction to the survey and contact information.

Handwritten signature or mark at the bottom of the page.

Big boom makes its own history

FEBRUARY is usually not a good month for Wall Street. History shows that US share-prices normally fall, but the present month looks like being an exception as they have surged to new peaks.

In the first nine trading sessions of February, the Dow Jones Industrial Average has closed at record levels on six occasions and by Thursday evening was standing at 1,845.07 after the index spurred by more than 15 points in the last hour of trading.

Analysts note that an estimated \$50bn is expected to be invested in the market over the next two months as investors seek to cut their tax bills by investing the maximum amount in Individual Retirement Accounts (IRAs), one of the most widely used tax shelters before the April deadline. If there is any bad news around, Wall Street is not in the mood to notice. The stock market remains surprisingly resilient after its 27 per cent rise over the past 4½ months.

Wall Street

Merrill Lynch's latest market letter says it expects to see a series of new highs in coming months with a target of "at least 1700" for the Dow. The downward risk in any near-term consolidation appears to be limited to 5 per cent to 7 per cent from the high, says Merrill.

The market's strength, this week has been fuelled by a number of factors. The bond market has been very strong, with prices of longer term issues rising by over 2½ points. Early yesterday morning, the US Government's new long bond, Treasury 9½ per cent due 2016, was being traded at 102½ to yield 9 per cent — the lowest level since the late 1970s.

Aubrey G. Lanston's David Jones, one of the most respected economists in the US bond market, says: "There is a strong indication that the Fed has eased its credit stance." Not everyone agrees, but there is a growing feeling on Wall Street that the combination of sharply lower oil prices and a slowdown in US money supply growth, gives the Fed room to relax its monetary stance.

Some analysts argue that, given the recent slide in the value of the dollar, the Fed would be reckless to loosen its credit reins and precipitate a collapse in the US currency.

However, the inflation outlook in the US has improved considerably over the past couple of months. Yesterday, the Labor Department reported that US producer prices in January fell by 0.7 per cent, the sharpest one-month decline in three years.

The improvement in the inflation picture mainly reflects the beneficial impact of lower oil prices. The price of West Texas Intermediate, the benchmark US crude, has fallen from a recent high of \$31.83 on November 20, 1985, to \$15.35 on February 4. This week, the price on the New York Mercantile Exchange bounced back to around \$16.50, but many analysts expect it to fall below \$15 in the coming months.

All of this has been very good news for Wall Street. The rise in US share prices in 1986 has been concentrated among the bigger capitalised "blue chips". The Dow has risen by over 6 per cent since the start of the year while the broader market, as measured by the S and P 500, has risen by less than half that amount.

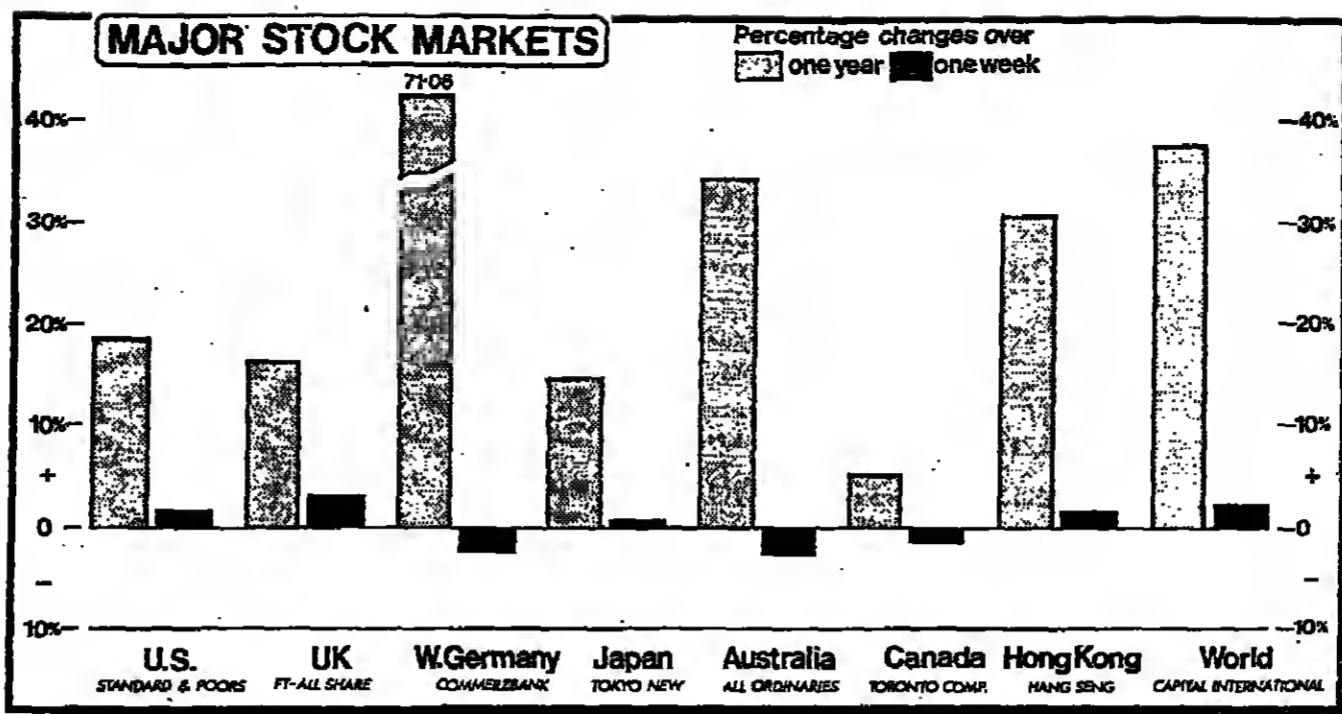
General Motors shares have been one of the star performers. Having fallen by 10 per cent in 1985, GM shares have risen \$8 to around \$80 so far this year. There have been some exceptions, such as US Steel, whose shares have been in the doghouse ever since it announced its takeover bid for Texas Oil and Gas, but, on balance, the Dow stocks have been performing well.

After growing by 2½ per cent in 1985, the US economy is expected to grow by over 3½ per cent in the present year, while inflation is expected to fall to its lowest level in nearly two decades. Merrill Lynch, for example, recently reduced its 1986 inflation forecast from 3.4 per cent to 3.0 per cent.

This is good news for corporate profits which are scheduled to rise sharply in the present year. Earnings on the S. and P. 500, which dipped from \$16.84 in 1984 to an estimated \$15.97 in 1985, are forecast to rise by 20 per cent in 1986 according to Merrill Lynch. Shearson Lehman Brothers forecasts that 1986 earnings will rise by 18 per cent.

MONDAY 1626.38 + 12.98
TUESDAY 1622.82 - 3.56
WEDNESDAY . 1629.93 + 7.11
THURSDAY ... 1645.07 + 15.14

William Hall



Up-beat mood ignores the gloom

ANOTHER DAY, another all-time record for the Tokyo Stock Exchange stock average index. No amount of gloom about the yen or dampened economic expectations can change the up-beat mood of the market.

A few nasty spills for big exporters, for example, has not prompted money to exit the market—there is simply too much cash around. Instead, brokers keep their clients happy with incentive-backed stocks. No matter that the incentives are often cooked up over someone's green tea before breakfast, Tokyo loves them.

Consider a company called Ebara, Japan's largest pump-maker. For weeks, it has been trading around ¥470. Yesterday, it gained ¥80 to close at ¥552, with 14m of its shares changing hands compared with 529,000 on Thursday. The incentive story varies from broker to broker: some say the company got an order for anti-pollution equipment from Germany, others that a notorious stock manipulator has just been let out of prison and is back at work. Mitsui Mining, which jumped from ¥615 10 days ago to ¥840 mid-week, is another mystery incentive stock.

"Ebara isn't the story of the week, it's the story of the day," notes a foreign broker based in Tokyo. "There is just a lot of stock price excitement around. It's as if everybody is an individual investor."

Or take a better-known stock, Japan Air Lines. From ¥4,850

last September, JAL went as high as ¥12,400 at the beginning of this month. The strongest advocates of JAL stock, its own executives, have been puzzled enough to investigate the possibility of a hostile bid from abroad.

Political motives are also at work here, of course, as the Government intends to sell off a chunk of JAL shortly and would obviously be pleased to receive as much money for the shares as possible. Further, JAL is a well-known fundraising stock for Japanese politicians.

In the face of all this buying last week, JAL calmly announced it couldn't pay its year-end dividend.

Tokyo

No matter how or why, these kinds of enthusiasm help push up the 225-stock TSE stock average. Yesterday it gained another 40.51 points to close at a record 13,334.3. In percentage terms, the record is not a contest-winner, as last month's average for the index was nearly 1,300. Nonetheless, the TSE's nose continues to point up.

While fundamentals do not underpin a lot of the market's one-day and one-week wonder stocks, they have provided more and more underpinning for those being dumped. This week

brought disappointing first-quarter figures from Sony, which helped to push the blue-chip stock from ¥4,000 to close at ¥3,480.

Interestingly heavy selling in New York helped to sour market sentiment in Tokyo on Sooy. With Merrill Lynch now a member of the TSE and five more foreign firms close behind it, there is likely to be more New York and London-led movement in Japan.

Two other exporters in the line of fire this week have been Ricoh and Fujitsu. On Wednesday, Ricoh tumbled from 1,010 to 952, but has since recovered to 974. Fujitsu weakened from 1,030 mid-week to 965 yesterday. None of these drops has been too surprising as the stronger yen has been a factor in the market for some time.

What hasn't been in the market, however, is a ¥175 dollar rate, which now looks probable. But mention such a prospect to a Japanese broker and, surprisingly, you will receive a litany of the basic strengths of the Japanese economy and the resilience of its industrial sector in times of adversity. The words all sound strangely familiar, primarily because they are the same things outsiders have been saying for years in connection with the surprising weakness of Japan's currency.

However, while the prospect of an even stronger yen hasn't given the market the chill, its ascent has given some backing to a host of neutral, rather un-

exciting domestic stocks. These are things with an import aspect to their business. These are companies like Nippon Meat Packers, which has gained nearly ¥100 in the past two weeks to close at ¥796 yesterday. These companies import a lot of meat, which is dressed up with cellophane and ribbons and sold in the gift market at prices that don't go down if the yen goes up. Gifts in Japan are not price-sensitive.

Energy, of course, is. However, utilities went bouncing up along with the yen and are now looking a bit tired. Tokyo Electric Power, for example, was little moved in the week to close at ¥2,860.

Taking a look at the larger picture, the falling price of oil, plus the stronger yen and the prospects of even lower interest rates in Japan, have more than a few analysts in Tokyo predicting even more market optimism ahead. Oil, now accounting for about 30 per cent of Japan's imports, should fall to below 20 per cent this year, giving a boost across-the-board to industry.

"We're headed for a great deflationary boom," chortled a broker yesterday, who predicts more size in the Tokyo market as a result. This thinking is underpinning expectations that foreign investors, who have been net sellers in Tokyo for the past two years, will decide to pile into Japan equities again.

Carla Rapoport

Quick recovery is the aim for Amax

ALLEN BORN, who recently took over as head of the big US Amax mining group, regards himself as a "fixer". It is going to take some time to fix Amax, which last year had a worst-ever loss of \$621m after write-downs of \$350m. Born reckons he can do it.

He said in London this week that the aim is to have the company breakeven this year and then move into earnings again: the last annual profit—of \$231m—was made in 1981.

He is not looking for an improvement in metal prices to help him. "We believe the future belongs to the low cost producer and it is our intention to be that," he says. So, for a start, further severe cost cutting measures can be expected.

There will also be more sales of what are regarded as non-core assets, such as the US oil and gas interests, and of those loss-making operations that cannot be put right.

Funds raised by sales and share offerings will go towards reducing the debt burden, which stood at \$1.8bn at the end of 1985 but should be down to \$1.2bn by the end of this year.



Allen Born, the "fixer" who heads Amax.

Mining

Then, there will be the pursuit of new business opportunities such as the acquisition, just announced, of the good grade Price River coal mine in Utah. A particular advantage here is that the big accumulated tax losses of Amax can be turned to account as far as domestic income is concerned.

Basically, however, the company is to concentrate on its three core businesses—polybutadiene, aluminium and coal. There is nothing wrong with them, but a little "fixing" cannot be put right, says Born.

Still, he also has ambitions in gold, which is understandable for a man who in his previous career with Canada's Placer Development saw the creation of the hugely successful Kiddston mine in Queensland, Australia's biggest gold producer.

Most of the Amax exploration is devoted to gold. "Our goal is to be a major world producer within a decade," says Born, who wants the type of deposit that can break even at prices under \$200 an ounce, a parameter he feels is not met by some of the newer Australian mines.

Meanwhile, May of this year should see the start-up of the

company's Sleeper mine in Nevada and the two new gold operations of the 45 per cent owned Australian Consolidated Minerals in Western Australia.

One has the feeling that if Phelps Dodge, stuck with low US copper prices, could get back to profits in 1985, then Amax, with its greater diversification of interests, can also be "fixed." But it might not be an easy ride.

Western Mining's expansion of gold interests in recent years has stood the Australian company in good stead against the decline in its earnings from nickel. For the half-year to end-1985, net profits have risen to A\$25.2m (£12.5m), or 6½ cents per share, compared with 13.8m a year ago.

Western Mining has double its interim to 4 cents but has made no forecast of second-half prospects because of the unpredictability of movements in metal prices and exchange rates. However, unless there is a major upset on these counts the company should come out quite well.

Shareholders of Free State Geduld at this week's record meeting voted in favour of the big merger of the Anglo-American Corporation group Orange Free State gold companies. Free State Geduld President Brand, President Stoen, Western Holdings an Welkom.

The scheme now goes for sanction to the Supreme Court of South Africa. This gives the scheme will become effective on February 24 and deals will start in shares of the new Free State Consolidate Gold Mines (Freegold) an Orange Free State Investments (Ofti) companies.

Kenneth Marston

Application has been made to the Council of The Stock Exchange for the Ordinary (Limited Voting) Shares of U.S.\$0.01 each of the Company to be admitted to the Official List.

TEMPLETON INTERNATIONAL

Templeton, Galbraith & Hansberger Ltd.

(Incorporated in the Cayman Islands with limited liability)

Offer for Sale
by
Cazenove & Co.
of

40,000,000 Ordinary (Limited Voting) Shares of U.S.\$0.01 each
at
215p per Share payable in full on application

The Application List for the Ordinary (Limited Voting) Shares which are being offered for sale will open at 10.00 a.m. on Wednesday, 19th February, 1986 and may be closed at any time thereafter.

Authorised U.S.	SHARE CAPITAL	Issued and fully paid U.S.
\$ 400,000	In Ordinary 'A' Shares of U.S.\$0.01 each carrying five votes each	400,000
1,600,000	In Ordinary (Limited Voting) Shares of U.S.\$0.01 each carrying one vote each	1,200,000
\$2,000,000		\$1,600,000

The business of the Templeton Group is the provision of global investment management, advisory and mutual fund distribution services. The Templeton Group acts as investment adviser to five mutual funds incorporated in the United States and Canada as well as to pension funds and other investment accounts. The Templeton Group follows the concepts of investment counselling developed over 45 years by John Templeton. Investment advice is based upon a flexible policy of investing in stocks and debt obligations of companies and governments of any nation, with particular emphasis on common stocks. As at 31st December, 1985, funds under management by the Templeton Group exceeded \$6.96 billion.

This advertisement does not constitute an offer or invitation to any person to apply for, or purchase, any of the Ordinary (Limited Voting) Shares to be offered. Copies of the Offer for Sale document on the terms of which alone applications will be considered are available from:-

Cazenove & Co.,
12 Tokenhouse Yard,
London EC2R 7AN

National Westminster Bank PLC,
New Issues Department,
2 Princes Street,
London EC2P 2BD

and from the following branches of National Westminster Bank PLC:-

London—West End
250 Regent Street

Birmingham
Colmore Centre,
103 Colmore Row

Bristol
32 Corn Street

Leeds
8 Park Row

Liverpool
22 Castile Street

Manchester
55 King Street

Edinburgh
80 George Street

Glasgow
14 Blythswood Square

Belfast
Ulster Bank Limited,
47 Donegall Place

The Offer for Sale document, which contains Listing Particulars with regard to the Templeton Group, together with an application form, was published in full on Friday, 14th February, 1986 in the *Financial Times* and *The Times*.
15th February, 1986

Why wait for the channel tunnel?

Invest now with Perpetual.

Unprecedented Growth

Growth in the size of continental European stock markets has been dramatic over recent years and yet the largest, West Germany, for example, has a stock market that is around half the size of that of the United Kingdom while its economy is nearly twice as large.

However, increasing international and domestic interest, continuing recovery from the recessionary environment of the early 80's; and the re-rating of shares in some of Europe's successful multi-national companies, combine to suggest an exciting future for European stock markets.

U.K. and Continental Europe
The European Growth Fund will invest in the 2,400 plus public companies quoted on the U.K. stock market as well as those of continental Europe, providing the Managers with an 80% wider investment range over purely continental European companies.

The objective of the Fund is maximum capital growth and initially the Managers anticipate investing the portfolio as follows:-

West Germany 35%
Economic optimism abounds, inflation is a low 1.8% and tax cuts expected this year should boost consumer expenditure.

United Kingdom 32%
Low inflation, together with double digit gains projected for corporate profits and dividends, combine to create many excellent investment opportunities.

France 8%
Against a background of encouraging economic indicators, shares continue to provide prospects for growth.

Switzerland 8%
Business confidence is running high with inflation declining and capacity utilisation averaging 86%.

Italy 6%
The Italian stock market, although modest in size, is growing following strong demand from Italian mutual funds set up in 1983.

Netherlands 6%
Low inflation and increases in domestic consumption and exports should boost share prices.

Other European Markets 5%
Stock markets may include those of Spain, Belgium, Sweden, Norway, Denmark and Austria.

Europe is experiencing a new economic era of steady low inflationary growth which we believe will provide investors with consistent and rewarding investment results.

Perpetual European Growth Fund

Unit Trust Managers of the year*

In the eleven years since launching the Group's first unit trusts in the United Kingdom, Perpetual has earned an enviable reputation for consistent investment success.

Perpetual's top performer... Perpetual's 1st Observer's 1985 Unit Trust Managers of the Year award. A richly deserved award. Its investment team - Chairman Murray Arsh, Bob Yerbury, Scott McGlashan and Martin Russell - have been producing performance which will set many years.

Unit Trust Managers of the year... Over the years every single Perpetual Fund has moved into the black... Over the last 12 months, the Perpetual Funds have produced an average weighted performance of 27.7 per cent.

Special post launch offer

Full details of this new Fund are set out in the Prospectus, which can be obtained by posting the coupon below to the Managers.

By sending for details immediately, you could benefit from an advantageous special offer - we will provide full details with the Prospectus.



Please send me a copy of the Perpetual European Growth Fund Prospectus.

You can also invest in this Fund through the Monthly Savings Plan from £20 per month. For details please tick

To: Perpetual Group, 48 Hart Street, Henley-on-Thames, Oxon RG9 2AZ. Tel: Henley-on-Thames (0491) 576868.

SURNAME:
FIRST NAMES:
ADDRESS:

POSTCODE:
SIGNATURE/S:

Perpetual

Vanguard High Yield Fund

Over the last five years, Vanguard High Yield Fund has outperformed all UK GROWTH Funds† — except for Vanguard Special Situations Trust!

Short term performance is often a fluke — long term performance is not.

A Proven Performance Record

Over one, three and five years, the Fund is among the five best performing UK Equity Income Funds*, registering gains of 90.2%, 151% and 257.8% respectively. Vanguard has won the Observer "Small Unit Trust Group of the Year" award for two years running. We have also been awarded the Money Management "Small Unit Trust Management Group of the Year" award for 1985. We were the only group, by their criteria, to have achieved 100% above-average performance over one and three years.

†As defined by Money Management. *Money Management figures to 1st February 1986. Offer to bid, including net reinvested income.

Investment Objectives

This Fund is designed for investors who want an above-average and growing income as well as some capital appreciation.

The portfolio is broadly based and currently has 73 holdings, spread between large and smaller companies.

Companies which pay above-average dividends are often under-rated by the Market.

Because we always try to make sure, before we invest in them, that this sort of company is basically sound, they often turn into "recovery stocks"!

You should remember that the price of units and the income from them can go down as well as up. Past performance is no guarantee of future success.

An Envious Pedigree

Vanguard Trust Managers is the wholly owned subsidiary of stockbrokers Capel-Cure Myers, one of the City's most quoted and authoritative sources on investment topics. They currently look after over £1 billion of funds on behalf of institutional, private and pension fund clients. Since 1985 they have been a member of the ANZ Group, a major international bank with a worldwide network of offices and with balance sheet footings exceeding US\$30 billion.

Act Now

To invest in this Trust, please complete this application form and send it to the Managers. For your guidance only, the offer price of units on 12th February 1986 was 191.0x¢ per unit. The Estimated Current Gross Yield is 4.75%pa.



General Information

Upon receipt of your application form a contract note will be sent, followed by a certificate in 35 days. Unit prices and yields are quoted in the Financial Times. Units can be sold back to the Managers at not less than the minimum bid price calculated to a formula approved by the Department of Trade. The Trust is authorised by the Department of Trade and constituted by a Deed dated 20th August 1978 (as amended). An initial charge of 5% is included in the offer price of units, from which remuneration is payable to qualified intermediaries at rates available on request. The annual charge is set at 5% plus VAT of the value of the Trust less opposed to a maximum of 11% permitted in the Deed. This is deducted from the gross income and is allowed for in the current gross yield. Distributions will be paid twice yearly in mid March and mid September.

Trustee: Barclays Bank Trust Company Ltd, 30 Old Broad Street, London EC2. Managers: Vanguard Trust Managers Limited, 65 Holborn Viaduct, London EC1A 2EU, telephone 01-236 3053. Member of the Unit Trust Association. This offer is not available to residents of Eire.

To: Vanguard Trust Managers Ltd, 65 Holborn Viaduct, London EC1A 2EU, Telephone 01-236 3053.

I/We wish to invest (minimum £500) £ in the Vanguard High Yield Fund at the offer price ruling on receipt of my application. A cheque is enclosed, made payable to Vanguard Trust Managers Ltd.

Surname (Mr/Mrs/Miss) _____
BLOCK LETTERS PLEASE
First Names (in full) _____

Address _____

Postcode _____

Signature _____

Date _____

FT163

Money Market Cheque Account from Bank of Scotland.

THE ULTIMATE HOME FOR ALL YOUR MONEY. INTEREST CREDITED MONTHLY AND SO ACCESSIBLE WITH NO PENALTY FOR EARLY WITHDRAWAL

Compare the benefits with your existing investments. Do you enjoy —

- High interest linked to Money Market rates
- No notice of withdrawal i.e. no loss of interest when you need funds quickly
- A cheque book for easy access — (no cumbersome withdrawal problems)
- Easy lodgement of additional funds
- A Bank of Scotland Visa Card
- The security of a major UK clearing bank
- A monthly income facility with interest paid to any UK bank account.

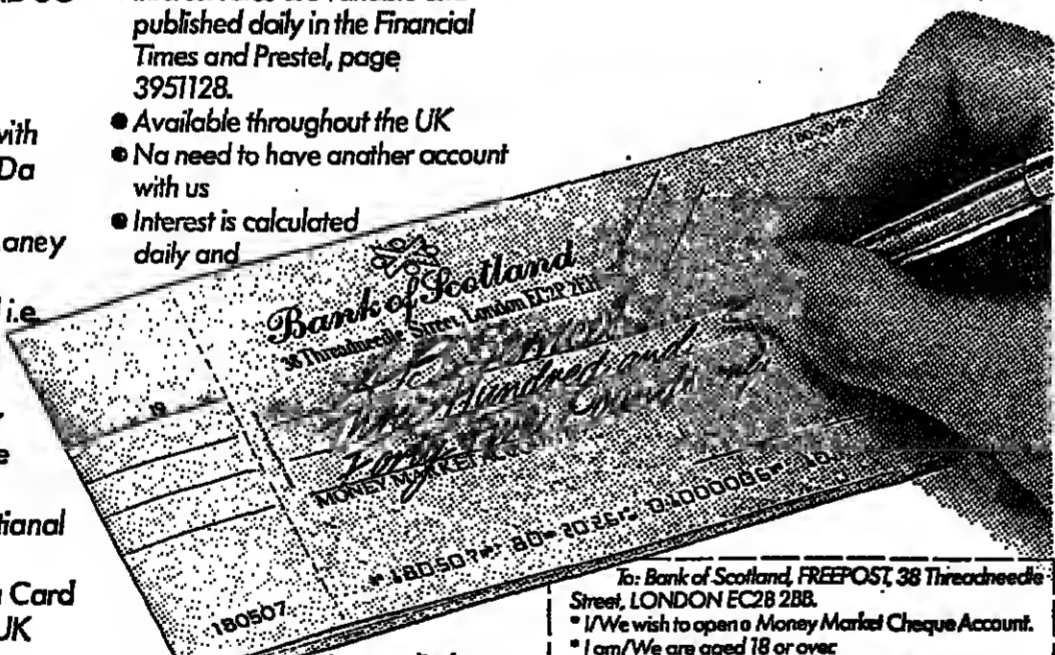
ADDITIONAL DETAILS

- The only requirements are that your opening balance is over £2,500 and that any transaction through the account (except Visa payments) is over £250
- Cheques may be made payable to third parties

- Statements are issued quarterly, or more frequently if you wish
- Interest rates are variable and published daily in the Financial Times and Prestel, page 3951128.
- Available throughout the UK
- No need to have another account with us
- Interest is calculated daily and

either applied monthly to your account or credited to any UK bank account

- The first nine cheques per quarter are free of charge, thereafter a charge of 50p per cheque will apply
- Money Market Cheque Account is available through Home Banking another leading service from Bank of Scotland. (Tick box for details)



either applied monthly to your account or credited to any UK bank account

The first nine cheques per quarter are free of charge, thereafter a charge of 50p per cheque will apply

Money Market Cheque Account is available through Home Banking another leading service from Bank of Scotland. (Tick box for details)

9.08% = 9.47% = 13.53%

Net Rate Net Compounded Annual Rate taking account of monthly interest remaining invested. Gross Compounded Annual Rate to Basic Rate taxpayers.

Customers entitled to Gross Interest (Not ordinarily available to individuals who are UK Residents). Applied Rate Compounded Annual Rate - taking account of monthly interest remaining invested.

12.15% = 12.85%

To open your own Money Market Cheque Account... Simply complete the coupon, enclose your cheque, and post to: Bank of Scotland, FREEPOST, 38 Threadneedle St, London EC2B 2BB. An acknowledgement of your deposit will be sent by return and your cheque book will follow a few days later.

To: Bank of Scotland, FREEPOST, 38 Threadneedle Street, LONDON EC2B 2BB.

I/We wish to open a Money Market Cheque Account. I am/We are aged 18 or over. I/We enclose a cheque made payable to Bank of Scotland for £ (minimum £2,500).

Full Name(s) _____
Address _____

Postcode _____

Signature(s) _____

Date _____

For joint accounts, all parties must sign the application, but only one signature will be required on cheques.

Should the cheque not be drawn on your own bank account please provide details of your bankers below.

My/Our bankers are _____ Bank.

Branch _____

Account Number _____

Please apply interest to my/our Money Market Cheque Account

Please credit interest to my/our account no. _____

with _____ Bank

Branch _____

Sort Code _____

Please send me your Home Banking information pack.

For further information and full terms and conditions, tick box or ask for FREEPHONE 8494. FT15/2

BANK OF SCOTLAND
A FRIEND FOR LIFE



Widows' launch

SCOTTISH WIDOWS is making a somewhat belated entry into the unit trust market with the launch this week of five funds. They will all be under the Pegasus label used for the Equity Trust introduced in 1981 that has been primarily used as a "feeder" fund for the life policy investments.

The group believes that there is still considerable potential for unit trusts for the new investor, who may until now have relied mainly on building society savings. However, to avoid investors being confused by the bewildering choices of unit trusts available, Scottish Widows is adding just five new funds to the existing Pegasus Equity Trust. These funds are UK High Income, European, North America, Pacific and a Global International trust.

Scottish Widows manages nearly £6bn worth of funds, including £3.6bn in equities and has a good investment record. A special launch discount of 1 per cent on sums invested up to £5,000 in any one trust and 2 per cent for over £5,000 during the next four weeks.

SCOTTISH MUTUAL Assurance is adding a special 1 per cent bonus allocation on all new personal and executive pension plans taken out with the company up to April 4 this year. As an additional sales incentive during the nine-week period from February 3 to April 4 it is also offering increased allocations where regular or increased premiums are made based on the original terms of the plan. The company claims the special offer package can provide an allocation of 100 per cent units with large-scale premiums over a long period.

GRESHAM ASSURANCE has introduced a unit-linked executive pension plan. Contributions are normally paid by the employer, attract full tax relief, and are then invested in a range of Gresham funds. The plan allows switching between the various funds, with no charge for the first switch in any policy year. Minimum regular contribution is £500 per annum or £40 a month, and £4,000 for a single premium payment.

PREMIUM LIFE Assurance has issued five new guaranteed bonds, ranging from three to seven years. You choose the outset whether to receive income or a single payment at the end of the bond's term. For those who select guaranteed income, paid annually, the bonds provide a net return of 10.1 per cent, equivalent to 14.4 per cent gross for basic rate taxpayers. Minimum investment is £1,000. Those investing £10,000 or more can choose to be paid monthly at a net rate of 9.7 per cent annually. Those who choose a guaranteed lump sum have their net income reinvested. For basic rate taxpayers net growth at the end of a three-year period is 33.4 per cent, or 86.1 per cent over a seven-year term.

Leaping with Anglia

AS EXPECTED, last week's move by the Anglia Building Society to improve the return on its Instant Gold account has set off a new round of interest rate leaping.

Skipton Building Society moved first both a new tier to its Sovereign Shares account, paying 9.90 per cent net CAR on balances of over £10,000. This beats the new 9.75 per cent rate paid by the Anglia for the same level of deposit.

So does one of the three new accounts, the Trident Gold package, launched this week by Britannia Building Society. Its Trident Super Gold pays 9.50 per cent net CAR on balances of £10,000 and over.

But both these have now been beaten by Yorkshire Building Society paying 10 per cent net CAR on balances of £10,000 in its Platinum Key account with investment access.

Britannia's separate Trident Gold Plus account pays 9.55 per cent net on balances of £5,000 and over while another account, Trident Gold, pays 9.25 per cent on balances of £250 and over.

The Trident Gold account is not, however, a tiered instant access account. It is three

separate accounts. This means that if you slip below the minimum qualifying balance in one account your money earns only the ordinary share rate.

And you do not automatically earn a higher rate of interest if your balance goes above the threshold of the sister gold account which pays more.

If you are to get the most out of Britannia's Trident Gold package you must therefore watch your balances carefully and open and close accounts accordingly.

Meanwhile Anglia has taken things a step further and increased the rate which it pays on balances of £10,000 and over on its 60 days notice Capital Plus account by 0.25 per cent in line with the CAR pushing it ahead of its major competitors in this sector of the market.

It has also launched a new two year High Income Bond which pays a guaranteed differential of 2.75 per cent above the ordinary share rate. The present rate is 9.99 per cent net CAR. Minimum investment is £500 with monthly income available if £1,000 or more is invested.

Margaret Hughes

Telecom's early call

WHEN THE second call on British Telecom shares fell due last June, some investors complained that they had not been given enough notice. This time Telecom seems to have gone to the opposite extreme, issuing a

press notice last week to remind everyone that the final call on the shares is coming up on April 8.

All 1.7m Telecom investors are duly reminded that the final 40p instalment on the shares must be paid before 3 pm on

that day, and that letters will be sent to those on the register on February 11 to explain how to pay.

Each investor will be told exactly how much to put into a pre-addressed envelope alongside the notice. In return they will receive a temporary share certificate, which by May will be replaced by a permanent one. Investors are also warned that if the final payment is not made in time they may forfeit their shares altogether.

Business Expansion Schemes

A nautical challenge

AS AN antidote to the stream of workaday Business Expansion Schemes that have flooded the market in recent weeks, investors are being invited to use the scheme to finance the British entry in next year's America's Cup.

British America's Cup Challenges is a newly formed company which plans to raise £3m in order to build two 12 metre yachts, one of which will be the sole British entry in the America's Cup in Perth early next year. The merchant bank, Guinness Mahon, is sponsoring the issue of 3m £1 shares. The issue opens on Wednesday and closes on March 14.

The company has already produced designs for two boats, both using the controversial "winged keel" which Alan Rown's Australia II pioneered in the last America's Cup. One of the boats, the "revolutionary design", is relatively conventional in format. The other, the "revolutionary design", is more innovative and has proved to be faster in tank tests. Both boats will go to Australia and the fastest will enter the race for BACC as the Crusader.

Initially, the company's income will be generated from sponsorship and merchandising rights. BACC expects to raise £8.8m, the bulk of which, around £7m, will come from four key sponsors. The company will market the sponsorship and merchandising rights itself although Dirk Hedger, deputy chairman of the advertising agency, Saatchi and Saatchi, is on the board.

Whether Crusader wins or loses the America's Cup, BACC plans to enter the boat to other yachting events. If it wins, investors will be entitled to a share of the profits from the commercial rights of staging

the 1989 America's Cup in Britain. BACC admits the project's appeal is rooted in the allure of the America's Cup itself. With so many Business Expansion Schemes around, investors have tended to fight shy of the more entrepreneurial ventures to plump for the "safe" asset backed schemes.

Alice Rawsthorn Leisure

LEISURE ALSO features prominently in the Business Expansion Schemes being offered. Barnham Broom plc, an established hotel, golf and country club business, is seeking to raise £2.5m by the offer of 3.6m shares at 70p each. The company was established in East Anglia five years ago and has made small profits during the past two after a steady increase in turnover. The extra funds will be used to expand the hotel and golf club facilities and hopefully treble profits by 1987/88.

The issue is sponsored by a subsidiary of London and Edinburgh Trust. It is buying, together with four directors, of 400,000 shares at the issue price.

The purchase and refurbishment of hotels in South England is the purpose behind a BRS scheme seeking to raise £2.45m for Alexandra Hotels. The plan is to buy an hotel near Guildford, Surrey and one in Hove, Sussex.

The issue is being underwritten for £750,000 by the sponsors, PBR Fund Management, enabling the purchase of the first hotel to go ahead. Initial investors have put in £100,000. Holders of the "A" ordinary shares—1,200 out of a total of 2,501,200—will have special rights but investors will receive five per cent a year compound growth on the value of their shares before any management incentives apply.

John Edwards

BES TAX RELIEF

CITY SHOPS PLC

Wainwright's Bed Room Furniture

Very strong property backing spread over a number of locations
Experienced and successful management with substantial cash commitment
Proven and popular product lines with established marketing back-up
Eligible for tax relief in 1985/86 and/or 1986/87

Issue of 3,000 shares under the BES of £0.50 each at a price of £1.00 per share payable in full not later than Thursday 3rd April 1986 to finance the acquisition and operation of the company's first ten High Street Properties.

sponsored by
Baltic ASSET MANAGEMENT LIMITED
(Licensed Dealers in Securities)

25/26 Albemarle Street London W1X 4AD 01-493 9899

This advertisement does not constitute an offer to subscribe for shares.

To: Close Registrars Ltd, 803 High Rd, Leyton E10 7AA

Please send without obligation a copy of the prospectus

NAME _____
ADDRESS _____
TEL _____
Please tick this box if you would like to be placed on our mailing list for further B.E.S. issues

1985/6 TAX RELIEF

LEADING LADIES

BUSINESS EXPANSION SCHEME FUND

WHAT THE FUND OFFERS INVESTORS

1. The prospect of tax relief under the BES rules of the investor's highest marginal rate of tax.
2. The opportunity to invest in a spread of investments in unquoted companies.
3. Monitoring of all investments by a panel of experienced businessmen.

Applications will be dealt with in strict order of receipt and should reach us not later than 1st March 1986. The minimum investment is £2,500 and investment can be made in multiples of £500 up to a maximum of £40,000. Full details of the Leading Ladies Fund are contained in the Memorandum which can be obtained by telephoning 0293-540223/4/5/6 or by returning the completed coupon. Potential investors should recognise that investment in unquoted companies carries a high risk as well as the absence of high rewards. Before deciding to proceed with an application, individuals should take financial advice taking account of the risks involved and their own financial circumstances and tax position.

Applications to subscribe will be accepted only on the terms and conditions contained in the Memorandum.

To Rodney Van der Meulen, The Leading Ladies Fund, Spencer House, 26-30 Spencers Road, Crawley, West Sussex RH11 7DA

Please send me a copy of the Leading Ladies Fund Memorandum

NAME _____
ADDRESS _____

01210511

Investment trusts

The year when the skies fell in

1985 WAS the year the skies fell in for investment trusts, and 1986 could be even more difficult as the Stock Exchange struggles with the Big Bang. That is the gloomy view taken by stockbrokers Wood MacKenzie in its lively review of investment trust performance during the past year.

Table with 5 columns: Trust, Management, Capitalisation, Total price, Discount movement. Lists trusts like Lowland, Vanguard Securities, F & C Eurotrust, etc.

Commission-free unit trusts

No panic, no stampede

THERE WERE few signs of the industry norm of 0.75 per investor found it difficult to assess the difference between apparently small figures like 0.75 per cent and one per cent annual management charges even though the real gap was 25 per cent.

Best terms for mortgages

If you need finance for a new home, a second home, school fees, or for home improvements, there's no reason for you to think that our excellent reputation means high costs.

Harrods ESTATE OFFICES

MORTGAGE SERVICES We'll do the homework. Residential and Commercial Mortgages, Re-mortgages, Second Homes and School Fees.

The Baby Bond grows up

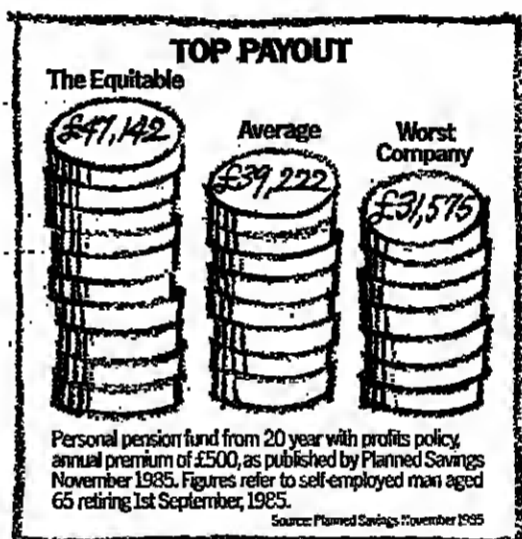
BLOODIED, BUT unbowled, by its recent struggle with the Inland Revenue, the Equitable Wells Friendly Society has returned to the fray with an adult version of the Baby Bond which got into so much trouble.

£50,000 against house

A NEW loan scheme allows you to borrow up to £50,000 against the security of your house at a very competitive rate of interest - currently 13 per cent (14.1 per cent APR).

Ignoring this advertisement could cut your pension in half

When it comes to their pension, many otherwise shrewd people make decisions which defy common sense. Not that it's easy to decide how to get the best results from the pension you may be planning to arrange.



And, as the oldest mutual life office in the world, which first put into practice the sound actuarial principles all other life offices have copied, we have a reputation for innovation and fairness to live up to.



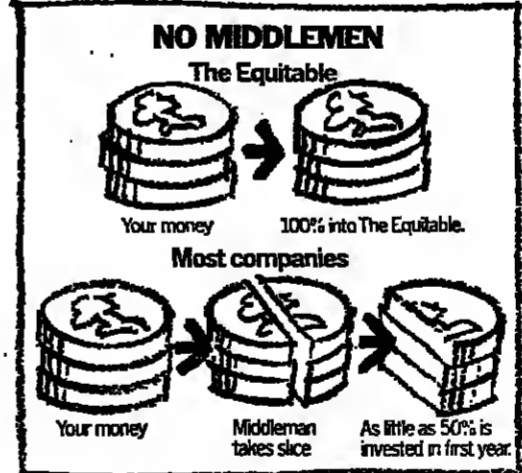
The result is that The Equitable now has funds under management totalling over £2,000 million.



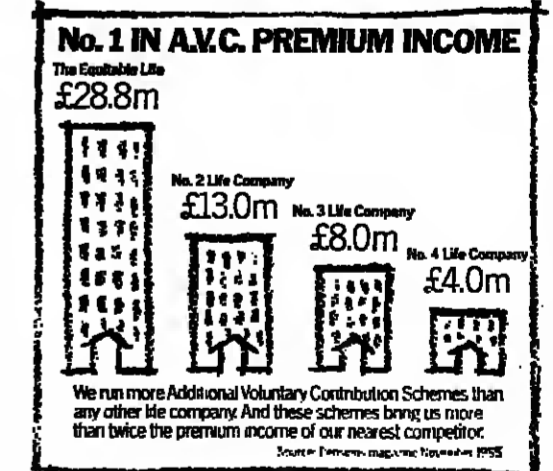
What happens if you retire early? With The Equitable you get the full value of your fund to date. With some other companies you suffer a penalty.

You may want to bear in mind that The Equitable Life is unusual in not paying commission to brokers or other middlemen.

Which is why these people may be reluctant to recommend The Equitable. So you'd be wise to make sure you get some figures from us.



Our understanding with those professionally concerned with pensions is demonstrated by our record of success with Additional Voluntary Contribution (AVC) schemes which companies set up for their staff.

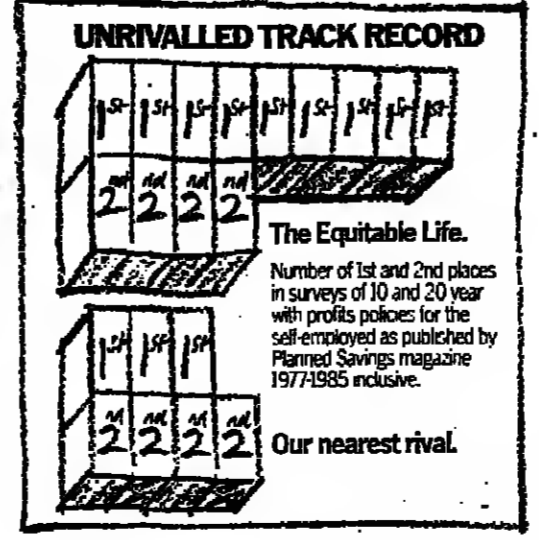


We admit that deciding which pensions company to go to is difficult. But remember that your choice can mean the difference between tightening your belt when you retire, or continuing to enjoy a high standard of living.

- WIDE CHOICE: Managed Fund, Property Fund, Money Fund, Special Situations Fund, High Income Fund, Equitable Pension Fund, North American Fund, Far Eastern Fund, Gilt & Fixed Interest Fund, Fund of Investment Trusts, With profits policies.

Next, you must satisfy yourself you won't be pouring money, year after year, into a company which will pay out a fraction of what could have been achieved elsewhere.

Of course the past cannot guarantee the future, but you must be certain the company's policies have a record of delivering outstanding performance.



What's more, unlike most companies, we invest every penny of your unit-linked contributions. We have no policy charges and we don't use capital or initial units with high annual fund charges.

NO POLICY CHARGES: With The Equitable, 100% is invested right away. We do not use capital units and there are Bonus Units for regular savers. No other company offers this combination of benefits.

In all respects, you'll find that The Equitable's efforts on behalf of policy holders consistently give unrivalled results. One reason is that, unlike most of our competitors, there are no shareholders to nibble away at the profits.

We're certain you'll find there is no company that can offer you as much as The Equitable Life. So, for the best in pensions, write to The Equitable Life, FREEPOST, 4 Coleman Street, London EC2B 2JT or call us direct on 01-606 6611.

The Equitable Life You gain because we're different.

INCOME TAX RELIEF FOR 1985/86 Guinness Mahon & Co. Limited is sponsoring Offers for Subscription under the Business Expansion Scheme by LOCKTON INNS plc up to £7,500,000. LOCKTON RETAIL STORES plc up to £7,500,000. Retail trading under franchise agreements from premises in good locations owned by the company, principally freehold.

When you're old they can't tax you. So they tax your children instead.

Capital Transfer Tax is a liability for anyone with assets of over £67,000.

Not just cash. It includes the value of your home, its contents, your car, savings and life assurance.

In fact, everything you thought you were leaving to your children.

Officially, of course, it's you that suffers tax. But, who really pays in the end.

Remember, it can cost them dear if you don't plan ahead.

Hill Samuel offer personal advice and a range of plans to suit most situations.

It's not just your standard of living which needs to be maintained and improved. We'll look after your next generation, too.

You can't take it with you, but you can start protecting your beneficiaries by completing and posting the coupon today.

To: Philip Barnes, Hill Samuel Investment Services Limited, NLA Tower, 12/16 Addiscombe Road, Croydon, CR9 6BL
 Make a local charge call today on LinkLine: 0345 581481 (24-hour service including weekends.)
 I would like to know more about planning for Capital Transfer Tax. FT15/2/86J

Name _____
 Address _____
 Postcode _____

Business Tel: _____ Home Tel: _____

HILL SAMUEL
 INVESTMENT SERVICES



Approved in England under Companies Act, 1985 - No. 1981218

BARNHAM BROOM PLC

OFFER FOR SUBSCRIPTION UNDER THE BUSINESS EXPANSION SCHEME of up to 3,600,000 Ordinary Shares of 25p each at a price of 70p per share payable in full on application.

SPONSORED BY L.E.T. FINANCIAL SERVICES LTD. (Member of NASDIP)

THE COMPANY OWNS AND OPERATES A PROFITABLE HOTEL GOLF AND COUNTRY CLUB NEAR NORWICH.

- * SUBSTANTIAL ASSET BACKING.
- * PROFIT FORECAST.

* A JACK NICKLAUS COMPANY TO ELEVATE COURSE TO MAJOR TOURNAMENT STANDARD.

Tax relief at the highest rate of tax for 1985/6.

TO: L.E.T. FINANCIAL SERVICES LTD.
 248 KNIGHTSBRIDGE, LONDON SW7 1DH
 TEL: 01-581 1822

Please send me a copy of your prospectus I would like to be on your mailing list for future issue.

NAME _____
 ADDRESS _____
 POSTCODE _____

This advertisement is not an invitation to subscribe for shares.

TAX SHELTER THROUGH A PROPERTY TRUST



THE THIRD PROPERTY ENTERPRISE TRUST

Trustee: Midland Bank Trust Company Ltd.
 Manager: Property Enterprise Managers Ltd. (a member of The London & Edinburgh Trust PLC group of companies).

Offer for sale of shares

The Trust will be invested in a portfolio of income-generating property in several enterprise zones. These qualify for 100% IBAs in the 1985/86 tax year. Shareholders will get the benefit of these 100% initial capital allowances against taxable income on a basis which has been well established by our earlier Trusts.

Available now in shares of £1,000 (minimum £5,000). For immediate details call us on 01-436 5267 or send the coupon.

To: Property Enterprise Managers Ltd., 56 Wigmore Street, London W1H 9DG.
 Please send me details of The Third Property Enterprise Trust.

Name _____
 Address _____
 Postcode _____

FT 15/2

The £40,000 BES limit does not apply.

Mortgage confusion at Lloyds

LAST WEEK Lloyds Bank made much of its decision to drop the premium which it had been charging on endowment mortgages, declaring that it was "the first high street bank to offer endowment mortgages at the same interest rate as repayment loans." What it made less clear was that this applied to new borrowers only.

So, as several of our readers discovered on hearing what seemed to be good news, if you're one of the 35,000 borrowers who already have an endowment mortgage with Lloyds Bank—some 50 per cent of its home loan borrowers—you will continue to pay that extra half a percentage point interest. That means that if you already have a £30,000 endowment mortgage over 25 years you'll be paying £8.75 more than a new borrower for a similar mortgage.

This practice of limiting improved mortgage terms to new borrowers is not new to Lloyds or any of the other major clearing banks. Last year when Lloyds, National Westminster and Midland halved their endowment premiums they did so only for new borrowers. Last summer Lloyds also ran a special offer which gave new borrowers only a discount of half a percentage point on all mortgages.

Among building societies Abbey National, when altering rates or terms of its mortgages, has repeatedly offered them to new borrowers. Under pressure it has sometimes applied them at a later stage to existing borrowers too. When abolishing differentials altogether last autumn it again did so initially for new borrowers only and was followed in this by several other societies.

Given that the other clearing banks are expected to follow Lloyds' Bank's lead in abolishing their endowment premiums it is to be hoped that they do so for all borrowers.

If not Barclays Bank's existing borrowers will be particularly hard hit since its premium for endowment mortgages is still one full percentage point. All too often existing borrowers suffer when mortgage lenders offer sweeteners to attract new borrowers in their bid to improve their market share.

Margaret Hughes

JUST UNDER a year ago, the Chancellor announced that he proposed to counteract the practice of "bondwashing" which he estimated was costing the Treasury around £300m in lost tax revenue. That proposal was revised into legislative form in last year's Finance Act under the guise of the accrued income scheme (AIS), which comes into effect at the end of this month.

You should not be distracted by the jargon of bondwashing. The AIS provisions represent a fundamental change in the way in which interest on securities may be taxed.

In introducing the legislation last year, the Economic Secretary said of the AIS that "it embodies a simple concept which is, unfortunately, difficult, technical and complicated to put into legislation."

The simple concept is that you tax interest as it accrues on a daily basis. The complex provisions because interest is generally payable at stated intervals to the person then entitled to it, irrespective of whether he has owned the security for the whole of the period during which the interest has been accruing.

For example, if you acquired on September 1 1985 £100,000 nominal amount of 12 per cent loan stock on which interest is payable twice yearly on January 1 and July 1, you will be taxable on the whole of the £3,000 interest paid on January 1 1986 though part of it accrued prior to your acquisition of the stock.

In fact, what you have paid to acquire the stock would have reflected the two months' accrued interest you would ultimately receive. From the

Sponsored by: **PBR FUND MANAGEMENT LTD**



Issue of up to 2,450,000 ordinary shares of £1.00 each at the price of £1.00 per share payable in full on application

1985/86 Tax Relief BUSINESS EXPANSION SCHEME

Minimum Application £1,000

The Company has been formed to acquire, manage and develop a group of quality hotels in the South of England.

Key Points:

- Substantial asset backing
- Experienced Management
- Issued underwritten for £750,000
- Initial investors have put in £100,000
- Low issue costs
- Strong Board, Experienced businessmen as Directors
- Forfeiture shares only start to benefit when the value exceeds 27.5%

The subscription list will close when the offer is fully subscribed but in any event not later than 3.00pm on the 28th February 1986, unless extended by the Directors.

Copies of the prospectus may be obtained from: PBR Fund Management Ltd, 146a Queen Victoria Street, London, EC4V 3AP Tel: 01-236 4070

This advertisement is not an invitation to subscribe for shares.

FINANCIAL TIMES BOOKLETS

The following booklets are available from the 'Financial Times':

- Capital Gains. The key figures to calculating your tax £4.50
- How to compete on equal terms £3.75
- Jobs, pay, unions and ownership of capital £1.50

To order your copy, please write to:

Ms Nicola Banham
 Publicity Department
 Financial Times Limited
 Bracken House
 10 Cannon Street
 London EC4P 4BY

enclosing a cheque for the value of your order

QUARTERLY DIVIDEND ANNOUNCEMENT

FORBES HIGH INCOME GILT FUND

CURRENT YIELD **14.40%**

INCOME PAID QUARTERLY WITHOUT DEDUCTION OF TAX

An interim dividend of 3.2p per share is declared for the quarter ended 31st December 1985, making a total of 6.4p per share for the six months' period since the launch of the fund.

THE LATEST MANAGERS' REPORT TO SHAREHOLDERS CAN BE OBTAINED FROM THE FUND'S LONDON AGENTS: WRITE TO: FORBES SECURITIES MANAGEMENT LTD, c/o 24 FLEET WALL, LONDON EC4A 3DF. TEL: 01-469 2022

FORBES SECURITIES MANAGEMENT LTD

Bondwashing

So simple, so complex

vendor's point of view, however, he has turned that accrued interest into a capital form, namely the price he realises for the sale of his stock.

The new legislation stops this conversion of income into capital. If the acquisition just described takes place on April 1 1986, the vendor will be taxable on £4,000 interest accrued since January 1 1986 and the purchaser will deduct that amount from his actual interest receipt, to produce a taxable income of £2,000.

Taxation based on actual receipts and payments is invariably the simplest method of taxation and the introduction of an accruals basis, with its notional receipts and corresponding deductions, is bound to be more complex.

For AIS to operate all that is required is that: (a) a person who owns securities; (b) transfers those securities; (c) after February 27 1986.

To prevent last minute advantage being taken of the old taxation regime there are elaborate anti-avoidance provisions covering the year leading up to the introduction of the AIS. Those provisions will only apply to a taxpayer, however, if the Inspector issues him with a notice to that effect.

If on transfer after February 27 1986 the securities carry the right to receive interest then accrued (i.e. a sale "cum div") tax will be charged on the last example. If, however, the securities do not carry that right (i.e. a sale "ex div") the AIS still operates, but in reverse.

Assume you sell the £100,000 12 per cent loan stock ex-div at the end of November 1985, on January 1 1987 you (and not the purchaser) will receive £6,000 interest (less 30 per cent basic rate income tax). The buyer is, however, taxed on the £1,000 interest that accrues after his acquisition and you are entitled to deduct £1,000 from the interest you receive.

Where the accrued interest is accounted for separately between vendor and buyer, so that the securities are transferred at a "clean price" (i.e. excluding accrued interest) the amount separately accounted for is taken.

Otherwise, the accrued interest is calculated on a straightforward time apportionment basis: you take the number of days (known as the interest period) from the last interest payment date (or, in the case of a new security, its date of issue) and the next interest payment date.

The interest payable at the latter date is then apportioned between the period up to and

then accrued (i.e. a sale "cum div") tax will be charged on the last example. If, however, the securities do not carry that right (i.e. a sale "ex div") the AIS still operates, but in reverse.

Assume you sell the £100,000 12 per cent loan stock ex-div at the end of November 1985, on January 1 1987 you (and not the purchaser) will receive £6,000 interest (less 30 per cent basic rate income tax). The buyer is, however, taxed on the £1,000 interest that accrues after his acquisition and you are entitled to deduct £1,000 from the interest you receive.

Where the accrued interest is accounted for separately between vendor and buyer, so that the securities are transferred at a "clean price" (i.e. excluding accrued interest) the amount separately accounted for is taken.

Otherwise, the accrued interest is calculated on a straightforward time apportionment basis: you take the number of days (known as the interest period) from the last interest payment date (or, in the case of a new security, its date of issue) and the next interest payment date.

The interest payable at the latter date is then apportioned between the period up to and

taxed in the tax year in which the security is transferred. The accrued interest is treated as arising at the end of the interest period in which the transfer takes place. Normally this will be the next interest payment date.

So if you sell £100,000 12 per cent loan stock cum div on April 1, 1986, in the tax year 1985-86, you will have realised £3,000 accrued interest. That interest, however, forms part of your taxable income for the year 1986-87 because it is in that year that the next interest payment date falls.

Because what is taxed is interest accrued, the price paid for the security and whether the interest is actually paid, is irrelevant. A person who transfers a valueless security could accordingly receive a nasty surprise in the form of a tax assessment for accrued interest that had never been paid.

The seriousness of this is apparent when you remember that death gives rise to a transfer. It is likely, however, that some things may be done in the next Budget to remedy this defect.

There are a number of exemptions from the scheme. Dealers in securities are excluded as are most non-residents. Pension funds and charities are exempt from charge on accrued interest.

Individuals, personal representatives and trustees of a disabled person's trusts are also excluded but only if the nominal amount of securities held at any time in the relevant tax year and the immediately preceding tax year do not exceed £5,000.

Malcolm Gammie

Sell early to reduce tax

scheme puts a stop to this. Stocks paying low dividends will prove more attractive.

It is surprising how many investors shy away from low coupon gilts because they assume that a bond paying dividends of 3 per cent a year must be worse than one paying 12 per cent in dividends. They forget that a low coupon stock will start at a lower price which rises as the stock nears the date on which the government will redeem it at its full face value.

The incentive to take your profits in the form of capital gains, rather than dividends, will get stronger later this year. At the moment, you are exempted from capital gains tax if you hold a gilt for longer than a year. From July 1, all gilts will be exempted, no matter how long you have held them.

As February 28 approaches, therefore, stockbrokers expect some investors to switch into low coupon stocks such as the Exchequer 2 1/2 per cent 1990 announced on January 17, which is still on tap. Some money is likely to switch into this new stock from the Treasury 3 per cent 1986, which is due for redemption on May 19.

In the short term, stockbrokers also predict a swing into stocks whose dividend dates fall soon so that they may be traded ex-dividend.

According to Bill Mahoney, of London stockbroker W. Greenwell and Company, "investors should try to arrange their portfolios so that as little accrued income as possible spans the February 27-28 dates, because relief for accrued interest purchased before February 28 will not be available for offset under the new accrued scheme."

Taken to absurd extremes, if you bought £10,000 of a gilt like the Exchequer 14 per cent 1986 on February 27 and sold it again on February 28, you could land yourself with a bill for income tax on 828 of dividends you never received.

Buying on February 27, you will receive no relief on the accrued income included in the price you pay for the stock, as you would on purchases made after the new rules come in. Instead, your sale after February 28 would make you liable for income tax on all four months of interest that have accrued, even though only one day of it will be included in the price you receive.

You can turn the tables by buying ex-dividend or special ex-dividend gilts shortly before February 28. If you buy Exchequer 11 per cent 1991 in special ex-dividend form on February 26, for instance, the purchase price will be reduced by the amount of income due to accrue between then and its dividend date, April 25.

However, you will not be liable to income tax on that rebate, as you would be on a purchase made after February 28, and you will not be liable to capital gains tax on the difference between the rebated price and the full price so long as you sell after July 1.

If you have been a regular bondwasher, however, be careful that you do not get caught out by the forestalling provisions in effect from February 28 last year. The precise regulations are, impossibly complicated, but their effect is to give the Inland Revenue the chance to apply the accrued income scheme retrospectively from 1982.

George Graham

BRITISH AMERICAS CUP CHALLENGES PLC

OFFER FOR SUBSCRIPTION UNDER THE BUSINESS EXPANSION SCHEME OF 3,000,000 ORDINARY SHARES AT £1 PER SHARE

ARRANGED BY **GUINNESS MAHON & CO LIMITED**

The Company will have two yachts in Australia from which to select a challenging yacht for the 1987 Americas Cup. Both British yachts have been extensively tested at scale against models similar to Australia II, the last winner, and significant performance improvements have been achieved.

The Directors believe that victory in 1987 will create commercial opportunities from which the Company will be able to generate substantial revenues.

Harold Cudmore, skipper of the 1987 British Challenge, won the 1984 Australia Cup (the Australian Match Racing Championship). In the last seven months he has skipped the top point-scoring yacht in the Admirals Cup and the leading yacht in the winning British team for the Southern Cross Cup. These are two of the world's most important ocean racing events.

Individual subscribers should, depending on their circumstances, be able to obtain income tax relief at their highest rates of tax in respect of the year ending 5th April, 1986.

Closing date 14th March, 1986.

Copies of the prospectus offering shares for subscription in BACC may be obtained by telephoning 01-623 9333 (24 hour service) or by completing the coupon below.

This advertisement does not constitute an invitation to subscribe for shares.

To: Guinness Mahon & Co. Limited, 32 St. Mary at Hill, London EC3P 3AJ

Please send me _____ copies of the prospectus for British Americas Cup Challenges PLC.

Name _____
 Address _____

BFT/L

Do I'll not i'do

Domestic comfort to let



EXPATRIATES letting their UK houses while they are working abroad, or buying UK property to let as an investment, should find themselves in a comfortable tax position, if they plan their purchase carefully.

While some are eligible for MIRAS (mortgage interest relief at source) on mortgages up to £30,000, all should be able to offset the interest payments on their mortgage against the rental income for tax purposes.

Most expatriates are more concerned with the potential capital appreciation than the rental income, and are happy for the property merely to pay for itself in terms of mortgage.

With furnished lettings it is possible to set against the income all running expenses, including management agents' fees and the VAT on them.

Expatriates in full-time employment overseas are non-resident in the UK for tax purposes, even if they own property that is available for their use.

Table with 7 columns: Annual premium, Hospital stay weekly benefit, Maximum claim, Maternity, Dental, Additional Optical, and benefits-Other. Rows include Personal Assurance, Hospital Savings Association, Western Provident Cash Benefit Plan, Extended Hospital Plan, and Patients Aid Association Paycare.

Cover for your hospital bed

Margaret Hughes reports on a new lease of life for schemes offering extra cash for patients

RECENT INCREASES in National Health Service dental and spectacle charges have given a new lease of life to hospital cash plan schemes, mainly aimed at non-patient patients.

About 30 organisations market such schemes. They evolved from the pre-NHS days when patients had to pay for their hospital stay, often through regular savings schemes.

covered by private health care schemes such as BUPA. These include the costs of private consultation fees, convalescence, physiotherapy, home help, maternity, optical and dental treatment.

A frequent criticism of private health insurance schemes is that they do not pay maternity costs. Most of the medical cash plans do.

The largest operator in this field, Hospital Savings Association (HSA), will pay a hospital stay benefit of £12 a night up to a maximum of three months (91 nights) a year or £1,092 for an annual premium of £52.

Other schemes pay a specific amount for each confinement. But there's no point in rushing out to join a scheme after you discover you're pregnant.

Such schemes, such as that run by Paycare, will soon start paying towards the cost of alternative medicine such as acupuncture again an area not generally covered by private health insurance schemes.

CHESS

NIGEL SHORT'S victory at Wijk aan Zee earlier this month, allied to other recent results, puts the 20-year-old British grandmaster already within striking distance of becoming the main Western challenger to the firm Soviet hold on the individual world chess title.

Short's published FIDE rating of 2585 has risen to 2605 after Wijk, putting him up to about world no 13. Meanwhile, Jan Timmer of Holland, the recognised leading grandmaster in the West and world no 3 on the FIDE list, went down by a wide 84 margin in his candidates semi-final against Yusupov, dropping some 15 rating points in the process.

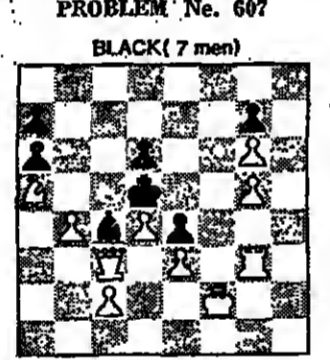
Later this month, Short competes in the annual Lugano Open, where he was runner-up last year and whose 1986 entry includes Kerchul, Miles and John Nunn. Immediately after that, he is among the elite of chess players in the GLC Interzonal at London's Great Eastern Hotel on 12-27 March.

After Black's mistake at move 18, Short has fully exploited the weak pawn and his own more active pieces. Here QxQ: 27 PxQ, N-N5; 28 N-K7 wins a pawn.

White's N-T, Short (England), Black's P van der Sterren (Holland), Ruy Lopez (Wijk aan Zee 1986).

Very much a paring-of-the-ways, Black's variety of well-analysed choice at this stage includes P-QR4, Q-Q2, N-Q2, B-N2, N-N1, N-QR4, R-K1 and P-KR3. The text clarifies the central argument but leaves White with some initiative.

White mates in four moves at latest, against any defence (by K. Meck, 1940). This diagram proved among the hardest to crack in the Lloyds Bank British Solving Championship final. Almost all 13 finalists chose the wrong answer.



White mates in four moves at latest, against any defence (by K. Meck, 1940). This diagram proved among the hardest to crack in the Lloyds Bank British Solving Championship final.

WHAT'S UP IN EUROPE?



THIRD BEST OF ALL TRUSTS OVER LAST 12 MONTHS TO 1/286 (Source: Planned Savings)

WARDLEY!... Up 58.8% in 1 year

On the up and up. That's Wardley's European Growth Trust! Had you invested £1,000 at launch on January 18th, 1985, your investment - at the end of January 1986 - would have grown to £1,588 - net of all charges.

Application form for Wardley European Growth Trust, including sections for 'INVEST TODAY', 'GENERAL INFORMATION', and 'APPLICATION FOR INVESTMENT IN THE WARDLEY EUROPEAN GROWTH TRUST'.



A short, sharp lesson in portfolio management.

There's no secret about achieving the very best performance from your investment portfolio. You simply retain an exceptional kind of investment manager to do the job for you.

When you take into account, too, that our income is entirely reliant on fees, is it any wonder that no other investment company can match the blend of judgement, investment expertise, objectivity and personal service that we can offer?

SCIMITAR HAS THE EDGE Scimitar Asset Management Limited Standard & Chartered

هللا نونا جلا

FINANCE & THE FAMILY

Carry on work in retirement

Pensioners who work on after retirement are subject to an earnings limit...

work undertaken is typical of that for retired people...

MANY WORKING pensioners may not be aware that hidden away among the benefit updatings...

Once the DRSS is so convinced that a full pension can be paid - subject to the earnings limit...

After that, 5p is stopped from the pension for every extra 5p earned...

In pension terms there are two key ages. State pensionable age is 65 for men...

To understand this calculation one starts with the actual earnings figure before tax...

To be "treated as retired" the work the pensioner does should be carried out only to an inconsiderable extent...

- Trades union subscriptions, Fares to and from work, The cost of making reasonable provision for looking after a member of the dependant family...

But all fringe benefits provided by the employer will be added back with the following exceptions:

- Meals provided at work, Accommodation in which the employee is required to live as a condition of employment, Food or produce provided for the employees normal needs...

An aunt's 'unethical' will

My aunt, aged 91, has lived with me for 11 years. She is in full possession of her faculties...

to another three standing orders for £1,043, £1,140 and £150 were sent in the first bank by mistake...

balconies, I wonder whether all the tenants are responsible for the repair costs and if so whether their prior approval should have been obtained?

Your claim would appear to be against the bank rather than against the tenants...

Communal repair bill

I am one of six tenants of a block of flats. The flats of the first and second floor have balconies at the back...

Protected tenancy

I own a property which I inherited from my mother in 1982. The tenancy passed from the original tenant to his wife...

Money sent to wrong bank

I own some investment property the tenants paying by standing order. After moving from one bank...



No legal responsibility can be accepted by the Financial Times for the answers given in these columns...

Credited by mistake

Last June my bank account was incorrectly credited with £4,700, recorded on my bank statement as having come from my employer...

buildings where I work into my account and formally requested me to hand the money back.

Since the money is not mine, it is clear that I should pay it back to someone. My concern is that there are four plausible candidates...

Providing for relatives

I intend to leave a house they occupy to my elderly brother and sister sharing ownership. When I die, could one eject the other by forcing a sale of the property?

PEGASUS - PEGASUS NEW FROM SCOTTISH WIDOWS PEGASUS - PEGASUS

Up to now you had to choose from 800 unit trusts.

SPECIAL INTRODUCTORY DISCOUNTS UNTIL 14 MARCH

Now you can narrow it down to 6

With over 800 unit trusts already on the market you may well wonder what sets Scottish Widows new range of funds apart...

INVESTMENT EXPERTISE Scottish Widows has been helping people invest in better futures for over 170 years...

PROVEN PERFORMANCE Although this is our first range of unit trusts we're by no means newcomers to the unit trust business...

THE CHOICE OF FUNDS Pegasus Equity Trust aims to provide a balance of capital growth and increasing income...

Pegasus UK High Income Trust is designed to produce high income together with capital growth by investment in a spread of sound but higher yielding UK ordinary shares...

Pegasus Evergreen Trust aims directly at capital growth through active management of European shares (other than UK) with strong growth prospects.

Pegasus North American Trust is also designed for capital growth, this time through active management of a portfolio of company securities in the United States and Canada.

Pegasus Pacific Trust aims for capital growth from actively managed investments in the Far East and Pacific Basin, one of the most dynamic regions of economic growth in the world.

Pegasus Global Trust is a managed fund which aims to achieve capital growth by switching within worldwide markets...

A FLEXIBLE PACKAGE But, as you well know, all markets move in cycles. At Scottish Widows we believe you should benefit from these fluctuations rather than suffer from them.

So we've made switching between funds as simple and inexpensive as possible. If you sell units in one of our funds we shall allow you to buy new units in another at a lower price than is normally available to new investors...

SPECIAL INTRODUCTORY OFFER Until 14 March 1986 we are offering the following discounts on units: 1% for an investment of up to £5,000 in any Trust; 2% for over £5,000 in any Trust.

So act now by completing the coupon below to obtain further information about this excellent investment opportunity. You can also telephone Linkline 0800 833933 between 9am and 5pm any weekday. WE PAY YOUR CALL.

AN INVESTMENT YOU CAN TRUST

Form for requesting information about Pegasus unit trusts, including fields for Name, Address, and investment preferences.

SCOTTISH WIDOWS FUND MANAGEMENT LIMITED

Put your money where the rich man puts his! 1% BONUS UNTIL 28th FEBRUARY

Three major new funds from Guinness Mahon

Guinness Mahon Global Strategy Fund offers attractive prospects for the capital growth and high income available in international bond markets...

To minimise risk the Global Strategy Fund only invests in bonds issued by major Governments and international corporations.

If you make your investment on or before 28 February, you obtain a Founder Investor Bonus of 1% on investments below £30,000.

Guinness Mahon logo and contact information for fund managers.

SHARE SHOP NO COMMISSION OR VAT WELCOME PLC Last night's closing price: 156-158p

PEGASUS - PEGASUS - PEGASUS - PEGASUS - PEGASUS - PEGASUS - PEGASUS - PEGASUS

PROPERTY

Costa less in Catalonia

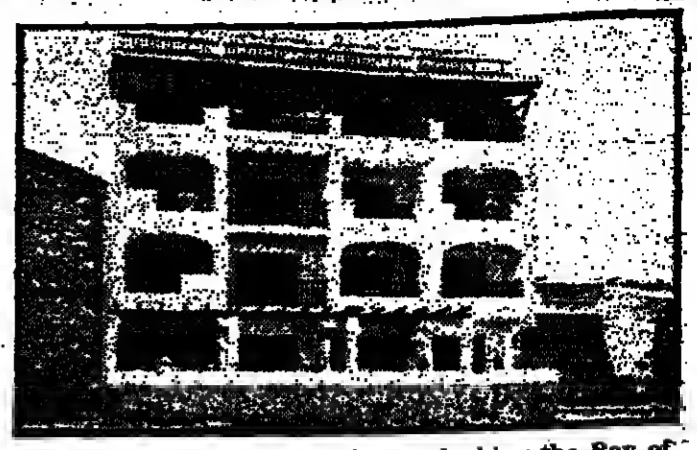
CATALUNYA is not quite Spain and it is more than Spain. It has 6m people, its own language and government. It has a literary flair with England — George Orwell wrote Homage to Catalonia after fighting there against Franco. It also has the Costa Brava.

waters still — places such as La Escala, where Hannibal halted on his way north. Nearby are the remarkable Greek and Roman ruins of Ampurias. New building there is unremarkable architecturally. Property prices are reasonable.

The 18-hole Ducado del Golf where the Spanish Open was played in 1982, is only a drive or so away among the umbrellia pines. You sit at the clubhouse overlooking the lake at the ninth tee. The planned marina should enhance values, and only the dominant radio transmitters of the Americans mar the peace.

His strange appeal by describing the mornings as "of a savage and bitter gaiety," and the evenings "often tinged with a morbid melancholy."

Italian architect Stefano Romizi has designed four-bedroom houses with fine views over the village. Ray Patten, Lion Overseas Properties, 149 The Strand, London, WC2, is selling them from £37,000 with finance available.



Punta Romana at La Escala overlooking the Bay of Rosas, where apartments sell from £21,000. Details IPI (0273 774098).

cars, pets and other possessions are explained in a useful information pack. £3 from Bradley and Vaughan, 34-36 The Broadway, Haywards Heath, Sussex.

John Esplen, Babel Sales, 14 High Street, Godalming, Surrey, in the business since the 1960s, handles new property in Ampuriabrava built by Genoves and Limberg.

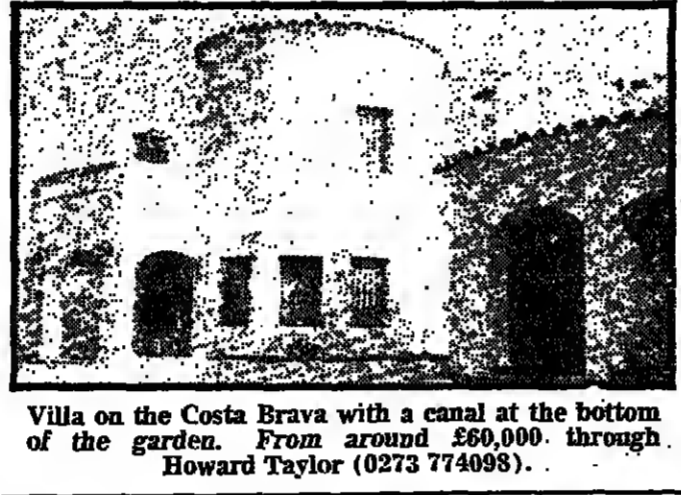
A small block facing the main harbour and the Club Nautico, five minutes from the beach, has one bedroom apartments at about £11,200, two bedrooms from £19,630. Some three bedroom town houses on a small marina called Portobello, due for completion soon, are around £42,500 including mooring.

Canal-side building plots are from £48 per sq metre, beachside from £32 a sq metre, and at the inland edges £13. Old village dwellings vary

Dunas Douradas
In the newest, most sparkling development of high quality housing in the Algarve. Superbly situated in a beachside position between the world-renowned golf courses of Vale do Lobo and Quinta do Lago, Dunas Douradas offers a wide range of homes in the sun for holiday or investment.

VILLARS - SWITZERLAND
Imagine an exclusive resort, just 70 minutes from Geneva... sunshine... skiing... skating... swimming... golf... horse riding... superb restaurants and shops... international schools... all set in wooded slopes with stunning mountain views.

Camelia Nickolsa
would like to introduce you to the best developers in THE SOUTH OF SPAIN... JARDINES DEL PUERTO LE VILLA (MARBELLA) (PUERTO BANUS) LOS HIDALGOS (ESTEPONA) HOTEL PROJECT IN MIAS GOLF PUERTO SOTOGANDIA (N. GIBALTAR)



Villa on the Costa Brava with a canal at the bottom of the garden. From around £60,000 through Howard Taylor (0273 774098).

ONE OF the most disappointing experiences in gardening, especially for those who are new to it, is to sow seeds and either have nothing come up or, even worse, discover two or three months later that the seedlings one has been cosseting are nothing but weeds.

First reaction is usually to blame the seedsman and sometimes he is at fault. This is most likely to be so if the seeds are of rare species which are more likely to have been collected in the wild than grown commercially as a seed crop.

Rearing seeds without tears

most cause of failure is being in too much of a hurry. Few seeds germinate below a temperature of 13 degs C, most require 16 to 18 degs C, and some may need 21 degs C or more. Outdoors even the lowest temperatures in this range are unlikely to be sustained until mid-April and the highest ones will only be available in a well-heated propagator.

The soil is too rich. This food is rapidly used up and seedlings must be transplanted while still quite small into a fresh lot of similar compost or, if they are strong growing kinds like tomatoes, chrysanthemums or dahlias, into a potting compost which will contain more fertiliser.

Gardening

It will help to soak them well a few hours before pricking out and also to use a sharpened wooden plant label or some other small tool to lever out the seedlings. Thin sowing is an advantage both because it reduces the risk of disease spreading through the seedlings and also makes it easier to disentangle them when pricking out.



become tall and thin as a result. It is another reason for getting them out of the propagator early, for two lots of glass, or plastic, one of the propagator the other for the greenhouse, inevitably reduce the amount of light getting through.

Montpelier International plc
17 Montpellier Street, London SW7 Tel: 01-589 3400
Bath Tel: 0225-359033 Manchester Tel: 061-834 3386
MONTPELIER PORT VILLAGE Province of Almeria, Spain
MONTPELIER SUPER VALMER Nr. St. Tropez, South of France
EXHIBITION
MONTPELIER DOMAINE DU GOLF Valbonne, South of France
MONTPELIER OLD VILLAGE Vilamoura, Algarve

MARINA DEL ESTE Southern Spain's finest Marina development
Aranco Overseas are proud to represent and announce 'Marina del Este' offering excellent facilities in a tranquil and unique setting.

NERJA COSTA DEL SOL
El Algarbe is a new development pleasantly situated on the outskirts of Nerja, only 10 miles from the airport. A superb choice of apartments, semi-detached houses and luxury villas, from £19,000 onwards.

SWITZERLAND Gstaad Valley
Attractive 2 to 5 room apartments available for foreigners. In typical Swiss chalets. Beautiful view, quiet and centrally located. Prices from SF280,000

SWITZERLAND IN THE MAGNIFICENT RESORT OF LEYSIN
We are building comfortable apartments 2 to 5 rooms FROM SF 158,000

ALGARVE
Limited number of Studio and 1 Bed Apartments now released on Balas Village, near to the de Luxe Hotel Balas and beach. 10 mins drive from golf and marina at Vilamoura.

AVOGADO
Costa del Sol Southern Spain For £25,500 your own Freehold Villa on Avocado Farm

Would you like a 3 day visit to Majorca?
Enjoy a mini-holiday in Majorca, getting to know the superb scenery of Puerto Portals, enjoying its luxurious apartments and visiting the outstanding facilities that make Puerto Portals the most popular port in the Mediterranean.

Residential Property
Number One Worthington Crescent Little Venice W.9. Three Interior Designed Show Flats. View Sunday 11.00 am - 5.00 pm.

SWITZERLAND Private Sale £225,000
Completion due April 86 prestigious Ansoage Club penthouse, 4 bedrooms, such an suite/adjoning bedroom, kitchen, large lounge with balcony, unobstructed views of Mediterranean, gross area 216 sq m.

MALLORCA
Completion due April 86 prestigious Ansoage Club penthouse, 4 bedrooms, such an suite/adjoning bedroom, kitchen, large lounge with balcony, unobstructed views of Mediterranean, gross area 216 sq m.

PUERTO PORTALS
Building 'Golfside' Penthouse, 'Sun/Marina' Suite Tel: 01-711 61 11 Times - 0836 1486

PUERTO PORTALS
Building 'Golfside' Penthouse, 'Sun/Marina' Suite Tel: 01-711 61 11 Times - 0836 1486

JOHN D WOOD SOMERSET - NEAR TAUNTON
A CHARMING LATE 18TH CENTURY FAMILY HOUSE SITUATED IN THE HEART OF A DELIGHTFUL VILLAGE AT THE FOOT OF THE QUANTOCK HILLS

SAVILLS WEST SUSSEX - Pulborough. About 103 ACRES
Pulborough Station 3 1/2 miles. Victoria 07 minutes. Beautiful 14th Century listed house overlooking own lakes in sheltered valley setting.

Michael Coveney examines Jan Fabre's epic Theatrical madness

THE Albert Hall is the surprise setting next Friday for a single performance of Jan Fabre's The Power of Theatrical Madness, a 44-hour epic that has played in opera houses throughout Europe but which could find takers only at the ICA in the Mall when it comes to London last March. Fabre, a 27-year-old Belgian who claims he represents a generation devoid of affection, is a trained artist and quondam solo performer refreshingly unafraid of large gestures, and statements openly hostile to the sort of rarefied ghetto mentality that has blighted the London fringe for so long. Madness is a large-scale work, brutal and demanding, that conforms to the Artaudian theory that there can be no theatre without an element of cruelty. The actors wear the avant garde uniform of black and white and dispassionately enact scenes of violence, eroticism and confrontation against a backdrop of artistic examples in music and painting. Early on, a girl insolently displays her right breast and holds it in her left hand with the insolence of a Renaissance madonna. The point is that she does so in front of a classical projection of Amour and Psyche. The frozen images of love are placed in a dislocated relationship with the frozen realities of non-feeling. What has caused this terrible arrogance and disaffection? They seem all to have gone through the wringer and feel that, as Albany says at the end of King Lear, those that are young shall never see so much nor live so long. The dead weight of classical not overshadows all sexual and cultural transactions. "I'm time, friends, garden a till' warts," Carmen and, sure enough, the singing of the sibyls, is intercut with vicious face-slaps and savage abuse. One of Ingres' reclining nude odalisques is an over-weening icon of both temptation and approach. And the destructive nature of passion itself is reflected in the quotations on soundtrack from Strauss's Salome and Wagner's Tristan. "Wagner" is the password which allows a girl to penetrate the action after a long sequence of rebuffs and rejections, a sequence likely to alienate and disturb an audience in equal measure. What Fabre is doing is reactivating a modern issue, first aired in Wagner's prose writings of around 1850, of art deriving directly from man, shaped by him from the stuff of nature. But art, the representation of passion, has in turn numbed man's propensity to feel, and Fabre's actors must break through the canvas to their own sources of vitality. They must, as Howard Brenton once said, disrupt the spectacle. This intensity of quest is what lies behind such flagrantly destructive acts as the squashing of frogs (two real ones) and the smashing of plates. The sense of coming alive through violence is all too familiar, and Madness gives a frightening, structured version of the European youth cult of disillusion. The avant garde theatre of the 1930s was motivated, of course, by quite opposite impulses of optimism, sexual freedom and revolutionary fervour. The late Julian Beck and the Living Theatre embraced and undressed the audience, invited them to change the world by dropping out and turning on. Fabre's theatrical generation has already grown out of that naivety. If indeed it is ever a seriously considered option. In America, a political grimace set in as music became minimalist, theatre formalist and dance post-modern. In Robert Wilson's Dearman Glance (1958) a glass of milk was poured for a little boy by his mother who then tucked him up in bed and stabbed him. She wiped the knife and repeated the action with her little girl. This slow motion sequence was about an hour in the playing. Fabre shares with Wilson a predilection for wearing down an audience with slow motion, endurance-sapping repetitive action, a highly developed gift for expressive choreography and an alacrity to the spatial potential of a performing arena. The difference between them is that whereas Wilson moved from therapy sessions and pre-revolutionary Iranian mountain-slides into the New York Met, Fabre starts in the cultural citadel. It is not just a case of shocking the bourgeoisie; it is a desire to reanimate theatrical experience through provocation and tension. Wilson never did this because first he was pampered and later he was fashionable and therefore respectable. Madness is Fabre's last theatre work. He now intends to produce operas. Wilsonian comparisons will no doubt follow him there, as will the even more inevitable references to Pina Bausch and the complementary attributes of harshly regimented movement and personal hardness. The uncompromised physicality of Madness, the treatment of that girl trying to gain the stage, is strongly reminiscent of Bausch's Bluebeard, while her dance ball fantasy Kontakhof finds echoes in Fabre's two naked kings, emperors without clothes, embarking on a silken tango amid a rising huddle of supplicating subjects with fresh garb to offer. Much of Madness acknowledges theatrical and artistic antecedents while insisting on creativity without reference to them. This dichotomy is expressed in the famous and ferocious garbled litany of theatrical milestones past which the cast literally runs while remaining rooted to the spot. Is there no escape from Brook's Lear, Beck's Paradise Now, Grotowski's Constant Prince, Chareau's Peter Gyn, Bausch's Kontakhof? The cast pounds the floor until it drops, exhausted and destroyed by contemplating its own efforts in the glow of others' reputations. Fabre wants to assault large audiences, not entertain them. The religion of contempt is nothing new among innovative artists, talented or not. When Marcel Duchamp attached a bicycle wheel to the top of a wooden stool in 1913, he rejected the technical apparatus of painting in a gesture of aesthetic defiance that runs like a grain through the marble and wood of 20th-century art. Some say such modernist contempt has produced no masterworks. Some say it has. Others, who outnumber both sets of disputants, say that masterworks are no longer on the agenda; who needs them, or the standards by which they are judged? Fabre's Madness gives theatrical life to this debate, too, and does so in a manner both arresting and original. Jan Fabre has already spawned some rather desultory imitations on the British fringe, but our theatre remains imperious, on the whole, to this kind of flat-out visual and presentational aestheticism. The chimera of "New Writing" hovers everywhere, with nice little plays performed by nice little casts in nice little theatres all receiving nice little reviews. Jan Fabre challenges the cultural stability we all prefer and reminds us that unless risks are taken and experimental imperatives renewed the theatre becomes just a place to go to sleep after a good dinner.



Roberto de Jonge and Wim Vandekeybus

artists, talented or not. When Marcel Duchamp attached a bicycle wheel to the top of a wooden stool in 1913, he rejected the technical apparatus of painting in a gesture of aesthetic defiance that runs like a grain through the marble and wood of 20th-century art. Some say such modernist contempt has produced no masterworks. Some say it has. Others, who outnumber both sets of disputants, say that masterworks are no longer on the agenda; who needs them, or the standards by which they are judged? Fabre's Madness gives theatrical life to this debate, too, and does so in a manner both arresting and original. Jan Fabre has already spawned some rather desultory imitations on the British fringe, but our theatre remains imperious, on the whole, to this kind of flat-out visual and presentational aestheticism. The chimera of "New Writing" hovers everywhere, with nice little plays performed by nice little casts in nice little theatres all receiving nice little reviews. Jan Fabre challenges the cultural stability we all prefer and reminds us that unless risks are taken and experimental imperatives renewed the theatre becomes just a place to go to sleep after a good dinner.

Radio

A week in Berlin

RADIO 3 has spent most of the past week in Berlin, in the days of the Weimar Republic—more, in fact, than anyone but a convinced Weimar fan might welcome. On Saturday there was a good Threepenny Opera, three hours of it, eclipsing Radio 4's Saturday Night Theatre, Pure Angel by Eric Dobson, a new treatment of the Mayerling Scandal. On Sunday came George Kaiser's From Horn to Midnight, of which more in a moment, watched on Tuesday by Brecht's Nachkomyn Songspiel and In the Jungle of Cities on Wednesday. Schwanda the Bagger on Thursday, Hindemith's Cardillac on Friday; and still to come Sternheim's The Fossil. There were also mouth-watering snatches of Schnabel, Emmy Bettendorfer, Alexander Kipnis, little moments of cabaret. Some documentary background would have explained this obsession, but we had none. Perhaps the plays and the music should have established such a background. But only the Kaiser, out of all the drama, was about contemporary Germany. From Horn to Midnight follows the fortunes of a bank cashier who, misled by the charms of a female customer, steals 50,000 marks and begins a day of mad extravagance. It is an Expressionist piece, and the curious scenes are caricatures of life as Kaiser saw it—the cashier's respectable home, the mad prizes at the Six-Day Bicycle Race, the great dinner at the night-club, the confessions of the penitents before the Salvation Army officer. Expressionism doesn't come over easily on radio, but John Theophrast retained an eccentric excitement in his direction, and Kenneth Cranham kept his cashier free of excessive parody. In the Jungle of Cities is set not in Germany but in Brecht's idea of America, where a Chinese (for Malayan? or from Yokohama?) stalks fights an eight-round financial and social battle with Chicagoan Garga, once from the prairies. It has always seemed to me a silly play, and neither Gerard Murphy (Garga) nor Harry Towb (Shlink) nor Caroline Raphael (director) led me to think otherwise. All that the play reveals is how little trouble the 23-year-old Brecht had taken to learn anything about the social or financial life of Chicago in 1912. As a political commentary it goes no deeper than Radio 4's new Sunday serial Lord of Mirrors, by Gareth Jones, in which Griffith, a Welsh magician (Philip Mabou), becomes involved in land disputes and the conflict between Prince Charles Edward and King George III. Six more parts of this is to come, and every sign of red-blooded melodrama. When I was in Glasgow, I went to a Ben Webster school. I asked the master, who had a class of 50 or 60, what they were working at. "We are studying the conflict between Church and State in the 16th century," he told me. "The reason why they were studying that, and not how to grow better crops, was because they were to take English exams." R. A. Hodgkin, in Education for Heads, on Radio 3 on Sunday, suggested that even in independence, the same thing goes on. "Diploma disease" he called it. I hope Bob Geldof heard this interesting talk. Another interesting piece (and I shall have to space for Philip Larkin or the study of personal attraction in The Mind in Focus) was Public Eye (Radio 4, Tuesday). Strachan Neighbourhood Watch reports a 50 per cent drop in burglaries. Lambeth Borough Council says the crime steadily goes down where etc. The crime-movement is spreading, and what better than radio to watch the watchers? Last week I said that Nigel adapted The Frolics for radio. My apologies to both.

E. A. Young

Exhibition



Lebanese dragoman photographed in about 1850

Broken romance

AN EXHIBITION called Romantic Lebanon hints at the point where nostalgia and the historical imagination merge with sheer had 'taste. Undaunted, the British Lebanese Association has created at Leighton House a show designed to remind us of a halcyon past. Romantic Lebanon: The European View 1700-1900 (until March 8) recalls a Lebanon of cedars, Baalbek, and mustache-dragons lying the thirsty tourist's tea-table. A sizeable collection of watercolours, drawings, books and photographs, in rooms transferred into silk tents, attempts to efface a bitter reality. The oriental splendour of Leighton House does a great deal to transport the visitor. I am always surprised to discover how many people, even those keen on Islamic art, do not know this jewel of Holland Park. But pleasant as it is to look again on Edward Lear, David Roberts and Eugene Flanrin, there are few surprises among the artists on view. A large oil painting of a lovely Maronite girl by Verelst-Ekonic remains us of the insatiable demand for such pictures, with their pleasing tint of the hour as well as the biblical heroine. Men's costumes were also an inspiration, as some fine David Wilton studies show. Great daggers, embroidered jackets and yards of flowing fabric were a delight for artists normally stuck with the skimpy frock-coat and trousers. All this is familiar enough from the innumerable exhibitions of Oriental art of recent years. More interesting are the sketches and photographs of Crime women in their extraordinary head-dresses. But however picturesque the natives, what most attracted artists to the Lebanon, especially from the 1850s, were the classical temples at Baalbek and the supposedly Biblical cedars at Beyrouth. They are at least many studies of these, ranging from the frankly un-

Museums hover at freedom's brink

ON MONDAY the Minister for the Arts, Mr Richard Lucas, announced changes in the funding of the country's chief museums and art galleries which he described as "removing an obstacle to enterprise." In essence, the museums are being exhorted to join the new entrepreneurial Britain: in future any extra revenue they generate through shops, restaurants, exhibitions, and so on may keep. In the past such profit was clawed back through a reduction in their next year's subsidy. Since Monday museum directors have been poring over the pages of civil service jargon in the minister's statement, looking for the catches, and they have found enough to weaken their enthusiasm. True, the Government has pledged that for three years they will receive annual grants equivalent to this year's level, plus marginal increases for inflation, but what after that? Will they, in the future, be forced to be dependent on their own revenue-making capacity rather than the public purse? More to the point, is this a Government manoeuvre to persuade them to introduce admission charges? Under the old dispensation, in theory, any revenue raised through such charges could be deducted from their grants. Certainly institutions like the Science Museum will now look again at charges, but in the main those that are resolutely opposed to this form of money-making, most notably the British Museum and the National Gallery, show no inclination to change their minds. But it could persuade the waverers to examine some form of extracting payments from visitors. Although the Victoria & Albert has received a bad press since it introduced a £2 "donation" in November (which has precipitated a 50 per cent fall in its admissions), other museums have had happier experiences. The National Maritime Museum, which in 1954 was the first to levy a charge, raised £10,000 in extra revenue last year and has recouped its initial fall in attendance; the director of the NMM, Dr Neil Cossons, takes over soon at the Science Museum. The Imperial War Museum gained £100,000 towards its rebuilding appeal in its first year of charges, with a marginal drop in attendances but little public opposition. Any museum examining the option of charges may well plump for the persuasive voluntary exhortation by which cathedrals, such as Salisbury and Lincoln, boost their income. Manned by "Friends" of the museum the attraction of such schemes is that they can be confined to the summer months when most visitors are foreign tourists who expect to pay. Doubts about the long term future and the spectre of admis-

Funding

sion charges are just two of the worries facing museum directors since the change in policy which they tentatively lobbied for. Another complaint is that their grants for 1956-57 take into account any extra revenue they earned last year, any new income must be found on top of their current efforts. This is particularly hard on the National Portrait Gallery which earned 20 per cent of its revenue last year through its own initiatives, most notably from shop sales. The museums are also aghast at their probracing grants which, in many cases, have been frozen for the second successive year. As Sir Roy Strong says, "it completely eliminates the V & A from the international art market." The National Gallery has the biggest purchasing grant—an unchanged £2.75m, which is less than the price of a modest masterpiece. So where are the museums looking to boost their earnings? In many cases there is little opportunity for new developments. The British Museum set up its own publishing company 12 years ago and has built up its income to over £3m a year. Its main purpose is to use profits from sales at its shop to subsidise its academic publications. But, like the Tate Gallery with its restaurant, the museum was careful to establish a separate company which was outside the grasp of the Government's claw-back arrangements. All the museums are studying similar packages. The V & A is setting up a company this autumn "to maximise its commercial potential" by selling replicas of exhibits in its collection through shops. The Imperial War Museum will exploit its archives of film, photographs and documents, much sought after by the media. But in most cases these enterprises will be hobbled, as in the past, by subsidiary companies or by trusts. For another drawback in the Government's proposals is that there is a limit to the amount of money that the museums can carry over to the next financial year—only 2 per cent of the grant, or up to 10 per cent of annual receipts. This restriction hampers any substantial commercial enterprises. The ties between the Government and the nine leading museums and galleries have been loosened enough for the institutions to want yet more freedom. On the other hand they still expect most of their income to derive from the Government, which is giving £57.5m to the nine in 1956-57. They embrace the entrepreneurial challenge with greater or lesser enthusiasm: they still see their main function as being protectors of the national heritage and servants of the public.

Opera Survival through a revival

THE LATEST revival of La Bohème at the Coliseum on Thursday was not too happy an event. Jean-Claude Aurvay's nine-year-old production, faithfully restaged by Steven Pimlott, remains strong on motivation: who does what to whom and why is still admirably clear. But a certain hectic fussiness at the edge—the horseplay in the gutter acts was self-defeatingly hyperactive—found an answering call in the conducting of Sir Charles Mackerras in one of his most restless moods. Effects were consistently over-emphasised, speeds and dynamics exaggerated at either end of the spectrum, phrases "sensitively" teased out way beyond their natural duration. It was as though Sir Charles were conducting a piece of really bad verismo, like Andrea Chénier, that needs help, rather than a score that needs virtually none. This bard-driven approach sadly washed over in to some of the singing. It was depressing to hear an intensely musical performer like Jonathan Summers (Marcello) resorting to so much toneless shouting (however violent the emotions, Pimlott must be wrong) and wily Schaubert can take more light and shade than he received from an up-front Christopher Booth-Jones. John Connell's quiet, smoothly sung Colline was much nearer the mark. Arthur Davies, in marvellous voice, was not afraid to show the feckless, self-pitying side of Rodolfo, unselfishly setting off the one outstanding performance—Valerie Masterson's Mimì. Her tone may not expand in a traditionally Italianate fashion, but it is strong and clear, and her shaping of the music (and projection of the words) shows as much insight as her presentation of the character as the most intelligent and aware person on stage—equally untraditional, but right. Josephine Barstow might show as much awareness if one could hear her: Musetta does not lie easily for her voice, or rather vice versa. The evening saw the 40th anniversary of Eric Shilling's first appearance with the company. He repeated his sprightly double-act of Benoit and Alcandro, and the occasion was marked with a brief presentation ceremony after the performance. There are the makings of a good revival here if the hysteria level is reduced by about 75 per cent. Even if it is not, it is still worth catching for Masterson's classic Mimì.

Opera

music (and projection of the words) shows as much insight as her presentation of the character as the most intelligent and aware person on stage—equally untraditional, but right. Josephine Barstow might show as much awareness if one could hear her: Musetta does not lie easily for her voice, or rather vice versa. The evening saw the 40th anniversary of Eric Shilling's first appearance with the company. He repeated his sprightly double-act of Benoit and Alcandro, and the occasion was marked with a brief presentation ceremony after the performance. There are the makings of a good revival here if the hysteria level is reduced by about 75 per cent. Even if it is not, it is still worth catching for Masterson's classic Mimì.



Valerie Masterson

Rodney Milnes

Composer Edmund Rubbra dies aged 84

EDMUND RUBBRA, who died on Thursday at the age of 84, was the most prolific and perhaps the most substantial English composer of symphonies this century. He came relatively late to musical study (at the RSM with, among others, Holst). Before the war he lived the freelance life of a teacher, critic, and performer (he was a gifted pianist), as well as composer of growing repute. After the war he taught music at Oxford and at the Guildhall. Rubbra was rooted in the English musical traditions of the pre-Britannic era; he composed much choral music as well as instrumental—in the former, the strength of his devotion to Catholicism is especially clear—but avoided the theatre. Rubbra always maintained a sturdy independence from ruling musical establishments.

Though recently a somewhat unfashionable figure—partly because he kept faith with styles and forms themselves temporarily out of fashion—he never lost the respect of a wide musical public for the robust integrity of his musical approach, and for the genuine muscular vigour that attends the best examples of his symphonic thought.

Max Loppert

Festivals lose funding

TWO OF Ireland's prestigious annual events, the Dublin Theatre Festival and the Westford Opera Festival, may have to be scrapped this year (writes Hugh Carnegie in Dublin). The Irish arts council has decided to stop funding arts festivals, and to concentrate instead on backing individual artists and community arts projects. The cut in funding to festivals will allow £200,000 to be spent on other projects. The grant of £120,000 to the Dublin theatre festival for 1954-55 represented three-quarters of its funding. It is doubtful this can be made up from other sources. Westford Opera Festival relied last year on a grant of £1,000 and wanted £100,000 this year. Several smaller festivals, such as the Galway Arts Festival and the Kilkenny Arts Week, are also threatened.

"Can you imagine a world without music?" Steve Race. A world without music would be unthinkable. And surely the men and women who make that music deserve our endless gratitude. They have spent their lives enriching us with their art. I wonder—would you consider leaving something in your will to those musicians who are suffering from accident, illness or just advancing age? Your delight in music can live after you through their relief and gratitude. MUSICIANS BENEVOLENT FUND, Philip Cramer, Hon.DMus, MA, FRCo, Chairman. Please make the Fund a beneficiary under your will or send a donation to: Martin Williams Secretary, 16 Ogilby Street, London W1 7JG.

CHRISTIE'S The right place for Modern Prints James Roundell 8 King Street, St. James's London SW1 Tel: (01) 839 9060 Richard Barclay 85 Old Brompton Road London SW7 Tel: (01) 581 7611

Art Galleries ALBANY—HAND EMBROIDERED SILK PICTURES... AGNEW GALLERY, 43, Old Bond St., W.1. 01-629 6176. 11.30am-5.30pm. Mon-Fri. 9.30-5.30. Thurs. until 8.30.

Amsterdam (Dam Square) Oude Kunst in De Nieuwe Kerk 4th ART AND ANTIQUES FAIR 27th Feb. - 9th March 1956 Open hours: 10.30-5.30pm. Sun. 11.30-5.30pm. and Sunday afternoon, 10.30-5.30pm. Information: 020 233 994

Solution to Chess No. 607 1 R-N1, H 1... B-N4; 2 Q-B3, B-Q2; 3 QxR, K-B5; 4 Q-B6. If 1... K-B3; 2 QxR and 3 Q-B1 ch. If 1... Q-B2; 2 Q-B7 (threat 3 Q-N7 ch. K-B5; 4 Q-B3) R-N1; 3 R-QB1 and 4 Q-B7 ch. K-B3; 4 P-Q5. Not 1 R-N4; B-K7; 2 Q-B8, B-N4; 3 Rxf, B-Q2.

